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Editorial AS WE SEE IT

President Eisenhower has completed his well-publicized tour "half-way round the world." World statesmen and ordinary citizens alike are now busily guessing what the practical results of his strenuous travels will be. Definitive conclusions will have to wait future developments. In point of fact it may never be possible even for well-informed individuals ever to agree in full on the subject. It is, however, quite possible, and we think profitable, to assemble for oneself the essential facts he was called upon to face and to set down the problems his journeys must help solve if the undertaking is to be put down as worth the cost and the strain it inevitably placed upon an already overworked Chief Executive.

Of course, the President saw evidences of vast poverty in various parts of the world. In some instances extreme poverty existed side by side with enormous wealth in the hands of a few who seemed to have no very great interest in using it for the upbuilding of their country or in the development of industry which would tend to offer the poor some escape from poverty. Whether evident or not, the masses in most of these countries have no conception of democracy as we know it and, of course, no devotion to it as is supposed to exist in this and a few other countries of the world. Whether observable to a brief visitor or not, there is in many of these areas a rising discontent among the masses, which often misdirected, presents a threat to vast numbers of people and possibly to the world at large.

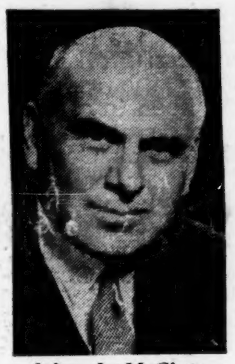
Naturally, all this renders these troubled waters excellent fishing grounds for both cunning exploiters and the proselyters who have convinced themselves that in the philosophy of Marx they have the solution of all the problems of long suffering mankind. In many of these areas there is lingering bitterness against the colonial powers of ages past. Unquestionably, too, there is a tendency in some quarters to classify the United States along with the older imperialists. Moreover, we have in some instances won the reputation for being extremists in our political adherence to de- *(Continued on page 25)*

The Basic Way to Solve Our Balance-of-Payments Problem

By John J. McCloy,* *Chairman, Board of Directors, The Chase Manhattan Bank, New York City*

It cannot be done by cutting foreign aid or by retreating into protectionism—particularly if we are to advance the free world's strength. Instead, we are urged to: one, expand our exports with stable prices, continue fiscal and monetary discipline, and limit tax incentives for foreign investments to underdeveloped areas and, two, marshall the free world's resources and brains politically and economically and deploy them effectively among all the pressing needs. Our balance-of-payments problem would be automatically dealt with as part of the over-all problem of confronting the Communist challenge.

I would like to say something about a subject which is preoccupying many minds at present — our balance-of-payments problem. There have been a number of speeches and comments on this subject, particularly since the Monetary Fund and World Bank meetings held this fall in Washington, but I am so concerned with the prominence which seems to have been given to this single factor as an influence on our foreign and defense policy that I am impelled to give my views on it.



John J. McCloy

Certainly it is well for those who are knowledgeable to examine this situation, if for no other reason than to appraise its true relation to our vital interests. In spite of the publicity it has received I suspect that the problem is still very little understood and, misunderstood, it has some very dangerous aspects. For a nation's balance of payments mirrors its many basic trends and policies. In our case the deficit has been seized upon by anyone who has a particular devil to exorcise. Those who would withdraw our defenses from NATO, those who would do away with foreign aid, those who would seek a return to protectionism, those who would like to return to that misnomer of "fortress America" — all have been using our imbalance of international payments as an argument for their cause.

Ending the Dollar Shortage

Actually, the basic elements of the problem are not overly complex. For some years now (ever since 1950) the United States has been spending more dollars abroad than other countries have chosen to spend here in the United States. In that sense our international payments have long been out of balance. But up until 1958 the imbalance was not great — it averaged about $1 billion a year — and for the Free World this was healthy. We all remember the talk not too long ago of the dollar shortage. That talk had a real basis in fact. There *was* a dollar shortage throughout the world, and by running an imbalance in its payments with other countries the United States made it possible for the rest of the world (and particularly Western Europe) to rebuild its foreign exchange reserves of gold and dollars. World trade and production could not have increased as it did without this. I might add, too, that dollars have been regarded as good as gold—a very important fact, since there is not enough gold in all the treasuries of the world to meet the full needs for international reserves.

But in 1958 some very important changes began to take place. With the onset of a world recession, minor though it proved to be, the imbalance in our foreign payments suddenly increased, and very markedly so. In 1958 it amounted to $3.4 billion; moreover, this imbalance was accompanied by a sizeable outflow of gold—$2.3 billion, to be exact. Likewise, a substantial imbalance has continued throughout 1959, when the total may amount to as much as $4 billion. I should add, however, that the outflow of gold this year has been reduced to approximately $1 billion, in part because high interest rates in the U. S. *(Continued on page 20)*

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

J. I. McDOWELL
Partner, McDowell, Dimond & Co.
Providence, R. I.

Nortex Oil & Gas Corp.

In these days of generally high security prices one's natural tendency in looking for values is to go fishing around in those groups which for one reason or another have not shared in the general market rise. Quite unpopular with investors at the minute is the oil group, but a careful analysis actually does not show them in too bad a light as to satisfactory if not spectacular earnings. Probably the more outstanding values are to be found among the smaller companies, and my selection at this time would be Nortex Oil & Gas Corp. common stock, currently selling at 3½ per share in the Over-the-Counter Market. For those who prefer a dividend-paying security I would recommend Nortex $1.20 preferred stock, selling at $14½, thus yielding 8.3%. Since the dividends are not being paid out of current taxable net earnings, they are presently nontaxable to preferred shareholders.

J. Irving McDowell

Formed in 1954 in Texas, the company has in five years established itself as a successful oil and gas producer despite the severe proration which has been in effect for some time in that state. Not only is Nortex Oil & Gas Corp., producing gas and oil from its own properties but it has two wholly owned subsidiaries—Nortex Associates, Inc. for joint venture drilling, and Nortex Exploration Corp. for Canadian exploration.

The joint venture end of the business is of particular interest in that the company has put together syndicates composed of individuals in the 50% or higher tax brackets and has done the drilling and completion work for these groups, retaining as its compensation a one-quarter interest in each well that was successfully brought in under the drilling program. Nortex Oil & Gas Corp. then bears 25% of any further costs, and receives its 25% from any oil produced from subsequent offset wells. This program has continuously and successfully built up reserves for Nortex Oil & Gas Corp. with a minimum of cost and risk on its part. Additionally, Nortex Oil & Gas Corp. has a source of income from the rental of equipment used in the completion and operation of all wells brought in under these drilling programs. While this method has a tax advantage to the well owner, it has at the same time allowed Nortex to acquire a large quantity of oil-field equipment without using its own capital. Approximately $2,300,000 in equipment has been acquired by Nortex in this manner which has been paid for 100% by the well owners' rentals.

Growth in Oil and Gas Reserves

	Barrels
1954	500,000
1955	3,076,608
1956	6,106,669
1957	7,147,570
1958	8,356,361
1959 (est.)	8,500,000

Growth in Oil and Gas Sales

1954	$20,983
1955	273,818
1956	588,842
1957	1,103,333
1958	1,143,527
1959 (est.)	1,300,000

Growth in Cash Earnings

1954	$4,796
1955	495,633
1956	727,803
1957	772,358
1958	757,121
1959 (est.)	900,000

The following table is interesting as it shows that in spite of proration there has been a continuous growth in oil and gas sales with cash flow earnings also in a steady upward trend.

Capitalization is relatively simple with long-term debt of $1,825,000, consisting principally of a ten-year loan due Southwestern Life Insurance Co. of Dallas, liquidation of which is being accelerated by payments averaging more than $360,000 per year.

There are 99,930 shares of $1.20 cumulative convertible preferred which has been paying regular quarterly dividends since issuance in 1956, but on which the conversion privilege is of no value to the preferred stockholders at the present time. The preferred is followed by 694,887 shares of common.

Due in part to the present low rate of allowable days for production in Texas, Nortex Oil & Gas Corp. has in the last two years embarked upon a waterflooding program. The secondary reserves so recovered are not under proration and by unitizing the Engle Strawn Field, its production in this area has been steadily increasing since last year, from 3,000 barrels a month to a present rate of 27,000 barrels a month. Further increase is anticipated to a peak rate of 35,000 barrels a month to be attained during 1960 and for several years thereafter.

The company is meanwhile developing other waterflooding projects of a similar nature. The effect on earnings is already becoming apparent. Based on a cash flow of $850,000 to $900,000 for 1959, cash earnings should amount to more than $1 per share after preferred dividend of $120,000. With net income of $300,000 to $400,000 projected for 1960, net earnings to the common stock should approximate 50 cents per share.

Recently one of the leading petroleum services analyzed a list of 50 of the smaller oil producing companies and at that time, on a cash flow basis, Nortex Oil & Gas Corp. was in fourth place selling at only 4.2 times cash earnings per share. Likewise, when compared with the same list of companies it was tenth as to its appraised worth ratio, selling at .62 times net asset value. Subsequently, because of the poor market performance of the oils, Nortex Oil & Gas Corp. stock is now selling at less than 50% of its net asset value of $8.27 per share—a good value for anyone's money in these days of overvaluation in so many securities.

Nortex has present oil and gas reserves of over 8,500,000 barrels from 189 producing wells representing 102 net wells to the company's interest in Texas, Louisiana, Mississippi, Oklahoma and, since last year, in Saskatchewan, Canada. The wells are located on 12,291 producing acres, of which 5,544 acres are net to the company. In addition, the company owns 10,583 net acres of undeveloped leases, located in oil and gas producing areas to which no reserves have been assigned.

Under the present expansion program the management contemplates continued drilling for oil and gas reserves in Canada, Wyoming and Mississippi and it has recently been granted a five-year concession by the government of Australia on 12,000,000 acres located on the eastern shelf of the Great Artesian Basin which covers most of Queensland. Delhi-Frome-Santos are drilling a well in the southwestern portion of this basin to a depth of approximately 14,000 feet, and have announced a location to be drilled to approximately 10,000 feet in the central portion of the basin. Phillips-Sunray and Union Oil of California have also announced two locations to be drilled on the concessions adjoining that of Nortex.

In summary it seems that while the problem of obtaining a balance between production and consumption in the oil industry is not going to be solved overnight, one may expect that there will be a gradual and steady improvement in the domestic inventory situation. Concurrently, with the realization of the values existing in the oils, and particularly in Nortex Oil & Gas Corp. common stock, there should be an opportunity for considerable gain to those investors looking for bargains and not unwilling to exercise a reasonable degree of patience. Inasmuch as Nortex Oil & Gas Corporation common is a non-dividend paying stock, it naturally should be bought for ultimate appreciation and is not suitable for trustees, insurance, banks, *et al.*

This Week's Forum Participants and Their Selections

JOHN P. MURRAY
John P. Murray Associates
Financial Advisers, Boston, Mass.

Dennison Mfg., Class A

This would seem an appropriate time to call attention to this old-line New England company which originated "down Maine" in 1844 with four employees, and now has close to 4,000 employees with six factories in three countries and agents in 54 other countries.

John P. Murray

It is altogether too widely considered as almost solely a manufacturer of party crepe paper and accompanying novelties. Those who know the company—and there would seem to be altogether too few investors who do—appreciate this is far removed from the truth. The facts are that such items are only a very moderate percentage of the company's total production.

It is instead one of the country's largest makers of paper products, involving approximately 6,000 items such as set-up paper boxes, seals and tags for identification and shipping of merchandise, price-marking equipment and supplies, along with many other items.

In effect, it is a service industry which was clearly demonstrated in the short but severe depression

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(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

Money and Capital Outlook And the Mortgage Market

By Dr. James J. O'Leary,* *Director of Economic Research, Life Insurance Association of America, New York City*

After comparing the 1958 to 1959 changes in banking and non-banking uses and supply of funds, Dr. O'Leary offers his money and capital market outlook for 1960 wherein he anticipates continuing tightness and firm to a moderate rise in interest rates. This is predicated upon his bullish views for business activity in 1960. Turning specifically to the residential mortgage market, he agrees with the general expectation that there will be a somewhat reduced availability of home mortgage funds next year—particularly from mutual and commercial banks. The life insurance economist predicts 1960's housing starts at about 1,200,000—down from the 1,350,000 for this year.

It is a well advertised fact that the markets for short- and long-term loanable funds are just about as tight today as they have been at any time since the end of World War II. This is because of the enormous demands for credit which are exceeding available supplies. This situation is, of course, not new; it has characterized the past decade, in which interest rates have shown a pronounced uptrend.

James J. O'Leary

Interest rates are the highest they have been in 30 years. We would have to go back to the early 1930's to find a 5% rate on a Government bond, a 6% or higher rate on conventional mortgages, a 5% prime rate for commercial bank loans, or a 5½% rate on high-grade electric utility bonds, to take a few examples of rates now current. When we speak of the "high" interest rates of today, however, it is well to remember that, in most years of the financial history of the United States prior to the Great Depression of the 1930's, rates were higher than they are today.

Early in September there was a tendency for the investment yields on U. S. Government securities and corporate bonds to soften a little, and hopes were aroused that easier credit conditions might be on the way. Have we come to the end of the rise of interest rates which has been underway since 1951, or are rates going to remain firm and possibly go higher in 1960? What will be the impact on the mortgage market? These are the questions I shall consider here in this paper.

The Forces Which Have Been Operating in the Money Markets In the Past Several Months

First, what are the forces which have been operating in the money and capital markets in the past several months? An understanding of the forces at play will aid in forming a judgment about the future. In order to analyze these forces, it will be helpful to review the tables showing sources and uses of loanable funds for the years 1958-59 which are found below. The figures for 1959 are still rather rough estimates based on actual data for the first three-quarters of the year. I should perhaps explain that these figures are not new money figures and do not include repayments. For example, in the case of life insurance companies, the data include the net additional funds available for investment and do not include funds obtained from sources such as amortization or other repayment of mortgages. Similarly, in the figures for uses of funds, the data show net changes in amount outstanding. For example, the data on 1-4 family mortgages measure the increase in the net amount outstanding.

Table I shows, of course, that total estimated sources and uses of funds increased to $55.7 billion this year, or $11.9 billion more than the $43.8 billion in 1958. What were the differences in the component items in the two years?

As will be seen, the life insurance companies will probably experience a moderate increase of $300 million in net available funds in 1959, as compared with last year. Savings and loan associations have had another spectacular burst of growth this year, with their available funds rising $2.3 billion. Their total includes not only the growth in savings and loan shares; it also includes funds obtained from advances by the Home Loan Banking System, which seem likely to amount to $690 million this year. As is well known, this has been a difficult year for the mutual savings banks, and their net available funds seem likely to be $600 million less in 1959 than they were last year. This is only in part the result of the drain of the "magic fives" issued by the U. S. Treasury. It is also the product of the stiff competition which the mutual savings banks have gotten from the savings and loan associations with regard to dividend payments. Perhaps it is also the product of the inflation and fear of inflation and hence the popularity of the common stock market. Corporate uninsured pension funds appear to have a small increase in investible funds this year as last.

Coming to the commercial banks, we see a big difference. The net amount of funds they are putting into the market this year, $5.0 billion, is $10.2 billion less than the $15.2 billion expansion of their loans and investments in 1958. Here is a large part of the explanation for greater tightness in the money and capital markets

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A Hard Look at Soft Coal

By Dr. Ira U. Cobleigh, *Enterprise Economist*

A short review of bituminous coal trends and prospects, together with some notes about two sturdy survivors of the coal age, Peabody and Pittston.

There have been plenty of epitaphs for the coal industry written in the past decade; but the industry has displayed such remarkable durability that, like Mark Twain, the accounts of its death have been greatly exaggerated. True, the impact of newer fuels, oil and natural gas, has made great inroads; true dozens of smaller, remotely situated mines have closed for keeps; true soft coal production fell from 578 million tons on 1945 to 405 million tons in 1958. But one market has not only stayed alive but is actually on the increase — electric power companies. Steadily and without a single slip backward for nine years, consumption of bituminous coal for electric utilities rose from 80.6 million tons in 1949 to 157.4 million in 1957. Last year, in recession, the total fell to 152.9 million; but this year the figure should reach a new high of above 170 million tons.

A higher grade of bituminous, metallurgical coal, worth $1.50 a ton more, also has a bright forward look since the steel industry should run at upwards of 85% of capacity in 1960, and it takes roughly 1,800 pounds of coal to make a ton of steel.

Other rays of sunshine in what people thought was a funeral parlor would include the export demand. You would never think we could produce metallurgical coal in Virginia or West Virginia, rail haul it to tidewater, ship it to Europe and wind up with a delivered price (on a comparable grade of fuel) $3.00 a ton less than the native product. But we can, primarily because an American coal miner surfaces six times as much coal per day as his European counterpart. So let's not give up on coal.

Peabody Coal Co.

A leader in the soft coal industry, and our second largest producer is Peabody Coal Company combining, in 1955, the Sinclair bituminous properties with those of the original Peabody enterprise. It took a bit of time to assimilate the properties; to shut down high cost mines, to install up-to-date equipment and modernize production technique. The results however, have been favorable as evidenced by an uninterrupted advance in net earnings, and in the percentage of sales carried down to net income, since 1955. As proof of corporate efficiency note that last year production declined 4% (below 1957) yet net income was over $1 million higher.

Peabody now ranks as the largest producer of coal for electric utilities, with 70% of its 1958 output in that market, and the balance going to general industrial consumers. Over 75% of production from its 23 mines is from strip operations, which are most efficient since they are highly mechanized. In 1960, Joy Manufacturing Co. will deliver to Peabody recently researched continuous mining machines which should further increase production efficiency in the strip mines.

A considerable expansion has taken place at Peabody during the past three years, involving a total outlay in the order of $70 million. This required public financing, as a result of which there is now outstanding $43.6 million in long term debt, $4.7 million in preferred and 9,680,000 shares of common listed on N.Y.S.E. and now selling at 17¾. Present dividend is 40 cents. This could be increased on earnings expected to advance from $1.01 per share in 1958 to around $1.18 this year.

The fact that such a high percentage of Peabody's business is on long term contract to utilities builds in considerable stability to company earning power. The expected doubling of electric power capacity in the 1960 decade is another plus factor. Excellent management, tight cost control, substantial benefits from low cost water transportation, favorably located coal reserves (valued on last balance sheet at $38 millions), a growth trend in sales, and ascending earnings power—all these are elements favorable to PDY common now selling at less than 15 times earnings.

Pittston Company

The fourth largest producer of soft coal is Pittston Company which has, in addition, a number of other strings to its bow. It is actually a holding company which has kept quite busy adding, and assimilating, properties in the transport and wholesale distribution of petroleum, natural gas, lumber, warehouse and trucking industry.

We will look at the coal first. In 1958, 30% of sales and 50% of net income were derived from soft coal produced in eight mines. Total production in 1959 should reach about 12¼ million tons of which roughly 25% will be turned out from a single mine, the Moss No. 3. This is a fabulous mine with coal seams averaging over 12 feet thick (over twice the industry average) and a per man daily production rate almost four times the national average. Coal production should deliver about $1.70 a share of net earnings this year; and is expected to deliver upwards of $3.50 in 1960 assuming no resumption of the steel strike. Proven coal reserves are placed at 1½ million tons.

In oil, Pittston is, apart from the integrated oil companies, the largest distributor at wholesale in Metropolitan New York. It operates well placed water-side terminals in New York Harbor with a sizable fleet of delivery tankers. Pittston is in the unique position of being able to sell a customer either coal or oil—whichever works out to a lower fuel cost at a particular time. Oil should deliver about 20% of 1959 net, roughly 80c a share.

Pittston is an important factor in truck transportation. Through its subsidiary U. S. Trucking Company, it does general trucking, rigging and truck rental business. Through acquisition of Brink's Inc., the company now offers a complete and extensive armored car service and truck rental outlets through the 112 branches of Brink's in Canada and the United States. Piggyback truck trailer service and expanded metropolitan deliveries of newsprint paper are planned. Related to trucking operations are the mine warehouses the company owns in New York.

Pittston further owns some natural gas properties and timber stands, which will be augmented by the timberland holdings of Elk River Coal and Lumber Company, recently acquired. (This Elk River Company also holds sizable, and accessibly located, coal reserves in West Virginia.)

Pittston which started out as strictly a coal company has, as you can see, been branching out into other profitable lines quite unrelated to mining—and its been doing a good job at it. Each new acquisition is not only paying its way but stands in line to deliver increasingly large chunks of net in the years to come. For example, whereas per share net of around $4 is estimated for this year, conservative estimates by responsible analysts project a 1960 net of around $8 a share. It is this potential expansion of earnings that has created a considerable market following in PCO common. The stock sells at 79½, not far from the year's high. There is presently outstanding $70 million in long debt; about 325,000 shares of $3.50 preferred callable at $80 but selling about 120 because it is convertible into 1.5435 shares of common. There are 1,206,000 common shares outstanding presently. Indicated dividend $1.20 in cash plus 5% in stock.

Now it is true that coal shares have not been market favorites for years. But it is equally true that the big wholesale market for soft coal is in fine shape to be profitably served by king sized coal companies with huge reserves and low cost production techniques. Further, the depreciation factor in coal shares creates a fine cash flow. Here are a couple of company shares that may not zoom as rapidly as Texas Instruments. But if your taste runs to "hep" managements and reasonable expectations of higher earnings and cash dividends in the Sixties, then these ebony equities may be worth a second look.

With F. I. du Pont

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — John F. Dolan has become affiliated with Francis I. du Pont & Co., 317 Montgomery Street. He was formerly with Harris, Upham & Co. and Hooker & Fay.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

Construction volume in 1959 registered its greatest annual increase in ten years, climbing to a total of $73 billion, and prospects are bright for another record-breaking year in 1960, the Associated General Contractors of America stated in its annual year-end review and outlook statement.

The 1959 total, consisting of $54 billion in new construction put in place and an estimated $19 billion in maintenance and repair operations, was sparked by a sharp increase in residential volume and moderate rises in most other major types of construction.

Thus construction, as the nation's largest production activity, broke dollar volume records for the 14th successive year, continuing to account for more than 15% of the gross national product, and for some 15% of total employment, directly and indirectly.

A total of more than $76 billion is forecast for 1960, depending on settlement of the steel strike and other factors, made up of $56.1 billion in new construction and about $20 billion in maintenance and repair. The figures do not include work in the new states of Alaska and Hawaii, nor overseas construction performed by the American government and private enterprises.

The AGC, representing 7,400 leading construction firms of all types throughout the country which perform the majority of contract construction, based its outlook on studies of official governmental figures and information from authoritative private sources. Basic assumptions are that costs will not rise appreciably, materials will be plentiful, no prolonged work stoppages will occur in basic industries, and that investment in construction will not be seriously retarded in the increasing competition for capital in the tight money market.

Construction volume in 1959 increased 16% over the 1958 total for the largest year-to-year rise since 1950, considerably exceeding most forecasts made at the beginning of the year.

Bank Clearings 17.1% Above 1958 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Dec. 26, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 17.1% above those of the corresponding week last year. Our preliminary totals stand at $26,178,674,935 against $21,500,080,091 for the same week in 1958. Our comparative summary for some of the principal money centers follows:

Week End. Dec. 26—	1959 (000 omitted)	1958 (000 omitted)	%
New York	$14,810,958	$10,794,297	+ 37.2
Chicago	1,131,841	1,050,553	+ 7.7
Philadelphia	*1,025,000	976,000	+ 5.0
Boston	699,364	665,006	+ 5.2

Complete details of bank clearings throughout the nation appear on page 43 of our Monday, Dec. 28 edition.

New Era Seen in World Steel Production

The world steel map is going through an era of marked change, the "Iron Age" reports.

In a special year-end study of world - wide steel developments, the magazine comments that not since the rise of the U. S. as a manufacturing nation has there been a comparable shifting of the balance of power in steel production.

The national metalworking weekly says the era of change is characterized by three major factors:

(1) The coming of age of the steel industry of Western Europe in technology and product balance.

(2) Changes in European marketing and sales concepts to more closely parallel those of the U. S.

(3) The continued rise of the USSR as a force in world trade production.

The magazine raises the question of whether European markets can absorb the new steelmaking capacity.

It points out that Western Europe had a steelmaking capacity of about 100 million tons in 1957. By next year, capacity will be 124 million tons. Peak steel production for Japan was 13.8 million tons in 1957. The country is planning for 20 million tons of capacity by 1962.

The "Iron Age" points to these specific developments in European steelmaking:

A rash of new cold-rolling mills coming up for Europe and Japan.

New basic oxygen steelmaking vessels boosting foreign capacity.

Foreign mills are starting to act and think along the lines of tonnage production for mass markets.

Foreign suppliers of some products are maturing in their price and delivery policies along American lines.

This, the magazine says, is the new challenge for American steel. Foreign bills are equipping themselves to go after the cream of the steel market.

Commenting on the Russian steelmaking buildup, the "Iron Age" reports that the U. S. and

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OBSERVATIONS...

BY A. WILFRED MAY

OUR VERY OWN 1960 PREDICTION

There is only one "stock market forecast" that we will confidently make. Namely, that, come what may, upward or downward, as always those of the available factors which fit will be selected to "explain" the market's action —after the event.

On the one hand, should the market *advance* in 1960, the commentators will ("of course") press into interpretative service, "inflation," "growth," the Common Market, improved export figures, institutional accumulation, Summit meetings, prospective Election victory of Nixon or prospective Election victory of a Democrat, population increase, government stock-piling, even rising money rates, and steel strike settlement. (We are assuming that, via a compromise wage-increase, this will follow a further brief walk-out.)

On the other hand, a market *decline* will be ascribed to the "obviously preponderant" factors including (beyond "the long-rising market's (obvious!) need of a correction of its speculative excesses") higher imports, inventory over-accumulation, the vast consumer credit expansion, Summit meetings, prospective Election victory of Nixon, prospective Election victory of a Democrat, the Common Market, and the deficit in our international payments.

Two-Way Interpretation

As will be noted, many of these individual items are also subject to the "double standard" of interpretation. That is, of the two diametrically opposite interpretations that are derivable from a single event, the one chosen is that which conforms to the market's previous action.

For example: midst bull market atmosphere, a steel strike settlement, along the lines we have assumed, will be regarded as a *plus* market factor—because of its push toward higher prices, its fillip to the industry's earning power, and the stimulus to the repairment of shortages. But in a falling market atmosphere, the same steel strike settlement will be cited as an important bearish contributor, as because of its boost to costs, unabsorbable in the light of foreign competition.

Another important manifestation of such "double-talk" is attachable to the Summit Meeting schedule for May. If the stock market has risen, the assumed relaxation of Cold War tension will be acclaimed for its boost to international trade, lessening of the fear of wartime economic controls, etc. Conversely, in the event of a bearish market, the same decline in international tension also will be cited, but now for its "obvious" damper on defense spending and otherwise deflationary impact.

Election Implications

We have likewise listed the same Election prospects in both bull and bear camps—the choice being made with hindsight. In a rising market, prospects for a Nixon victory would be regarded as bullish, because of his supposed slant to the free market. In a falling market, implications of accompanying de-flation likewise would accompany Nixon as the favorite. Similarly, in a bull market good Democratic prospects would be voted as for its inflationary influences; in a bear market, with equal importance a prospective Democratic victory would be cited as a bearish factor because of its assumed curb on business, aggravation of punitive taxation, etc. And thus with interchangeable interpretations ex-post-factor of the market effects of the Common Market (with bullishness ascribed to increased trade prospects, bearishness to tariff barriers against us, U. S. capital investment in manufacturing plants abroad), inventory accumulation, government stock-piling of overabundant commodities; population increase, etc.

Surely such major rationalization of market behavior in economic terms stems from the prevalent basic prostitution of investment functions by the stock market's participants; from the use of the stock exchange as a ring for placing bets on the outcome of business and economic events, in lieu of permitting it to function as a free market for the investor buying or selling long-term stakes in business properties.

And also on purely practical grounds in the way of actual results, the record shows, is the short-term correlation of market behavior and external happenings invalid.

* * *

MORE ON THE ECONOMICS OF MR. NIXON

In this column, published Sept. 17, last, analyzing the second Report of the Cabinet Committee on Price Stability for Economic Growth, presided over by Vice-President Nixon, we questioned its conclusion that the absence of price declines during the interval since 1934 signifies a permanent departure from the traditional two-way inflation-deflation swings. We maintained that conclusions from the historical record have always depended on the period chosen. We further suggested that the nonappearance of usual postwar deflation since 1945 has resulted from the persistent costly Cold War.

To this Vice-President Nixon commented in a communication to our column of December 17. He stated that 1934 was chosen as the point of departure from two-way prices because of that period's initiation of the New Deal's labor and social security legislation, insuring constantly rising wage rates. He further concluded that the public's unwillingness to accept a depression, would bring about a ratchet effect, if incipient rises in the price level are not nipped in the bud.

Comment on this discussion from Dr. Philip Cortney, President of the United States Council of the International Chamber of Commerce, and monetary authority follows:

Dear Mr. May:

I read with considerable interest the second report on price inflation issued by the Cabinet Committee on Price Stability for Economic Growth presided over by Mr. Nixon, as well as your own comments, and the letter in response thereto by Mr. Nixon published in your column of Dec. 17.

Inflation a Monetary Matter

I concur with the report of Mr. Nixon's committee that the maintenance of the price level at its highest point since the start of World War II and 15 years after its end is an anomalous phenomenon not in line with previous economic history following great wars. However, we would do well to remember that inflation is essentially a monetary phenomenon, and that the rise in the price level is only a consequence of monetary and credit inflation. The most recent rise in prices of industrial commodities and finished goods since mid-1958 is due entirely to the large budgetary deficit of the fiscal year 1958-59 and the monetizing of nearly $15 billion of government debt. I believe that the effect of the huge monetary and credit inflation during the war and since the end of the war has worn out its impact on prices only rather recently. Therefore the mild recessions we had since the war did not result in any fall of prices of industrial commodities or finished goods, mainly for the three following reasons:

(a) The inflationary condition of our money and credit markets.

(b) That wages have only an upward elasticity.

(c) That the large producers of mass produced goods, and even of industrial commodities are reducing production rather than prices when they are faced with a fall in demand.

The above interpretation of the present price level explains why I disagree with the following statement in the committee's second report:

"An elimination of periods of seriously falling average prices is of course an important step toward reasonable price stability."

Wholesale Price Level Vulnerable

My view is that the present level of wholesale prices is precarious and will be sustained only if we continue from time to time to inject in the economy large doses of money and credit. I wish also to mention in passing that a policy deliberately aiming at the maintenance of price stability will most certainly get us into the kind of trouble we witnessed in the 1920s. What we should aim at is a policy of monetary stability and not a policy of stabilization of prices, which is the elusive dream of many central bankers and economists. I hope that the Cabinet Committee will read the recent report issued by the International Chamber of Commerce entitled "Monetary Stability a Prime Condition of Economic Growth."

Qualms About the Nixon Views

The following sentence in Vice-President Nixon's letter to you has rather disquieting implications if I interpret them correctly.

"What we do believe is that the public is much less willing than in the past to accept a depression, and that it would expect the government to pull out all the stops before a depression, with attendant price fall, went very far."

I know that the economic thinking of the Vice-President and of the members of the committee is a very sound one, and I therefore hope that I misread the implications of the above sentence.

The only sure way to avoid a depression, as Mr. William McChesney Martin, Jr. keeps repeating, is to avoid an excessive stimulation of the economy called a "boom" due to inflation of money and credit, and to various other expedients. However, if we try to correct by new expedients all the maladjustments and after-effects which follow a "boom" we are bound to get into trouble which can be spelled out as inflation of prices and/or even inflation of prices plus unemployment, leave aside the effect on the balance of payments.

I am aware that many economists still nourish the belief that we can prevent depressions which follow a "boom" due to monetary and credit inflation, and to constant abnormal increases in wages. I for one am doubtful that it can be done except by new inflation, which would force us into control of prices, wages, profits. This of course would mean the destruction of the free economy.

I hope and trust that I am only misinterpreting the implications of the Vice-President's above-mentioned sentences.

Sincerely,

PHILIP CORTNEY

New York City
December 30, 1959

Del. Management Appoints V.-Ps.

PHILADELPHIA, Pa.—Charles J. Anderson and Robert M. Taylor have been appointed Regional Sales Vice-Presidents of Delaware

Charles J. Anderson   Robert M. Taylor

Management Company, Inc., 3 Penn Center Plaza, national distributor and investment advisor for Delaware Fund and Delaware Income Fund, W. Linton Nelson, President, has announced.

Mr. Anderson will direct distribution of the Fund's shares in Southern Pennsylvania, New Jersey, and all Middle Atlantic States. He has been with the firm since 1955 as a wholesale representative.

Mr. Taylor has been associated with the Delaware organization since 1950. He will continue to represent the Funds in Pennsylvania, New York and Connecticut.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The State and Municipal bond market has been easier during the past week, as have the markets for Treasury bonds and corporate bonds generally. Prices are now close to the low level reached in late June and early July when the reverse side of the coin reflected the highest yields on tax-exempts in close to 25 years. *The Commercial and Financial Chronicle's* high grade municipal bond index reached a 3.657% yield level on Dec. 30 as against 3.611% a week ago. In dollars, this represents an average drop since Dec. 23 of about one-half point in the price level.

There has been no heavy pressure on the municipal market during this past week. The few new issues which have come to market have been inconsequential in volume and importance. There were only a few additions to the January offerings calendar and the volume of tax exchange business diminished to negligible proportions. The market is just relatively quiet as it usually is during the closing days of the year. Institutional buying in this period is not usual. Portfolio programs have been set and fiduciary changes are consummated. Only the odds and ends remain.

At present, more than ordinary interest is developing in the January market for tax exempts. There are two important reasons for this. More investors, generally, are interested in state and municipal bonds than ever because of generous return (which is at a 25 year average high level) and because of the additional important tax advantage which is significant even to the relatively small investor.

Buyers Cautious

The investors, however, viewing the daily bond market headlines which have recently become more prominent and even more eye catching, are cautious despite the relatively cheap offerings which generally abound. Deserved emphasis for example, has been placed upon the heavy volume of Treasury financing to be arranged early in the new year and in subsequent months. Additionally, more publicity has accrued to the once esoteric subject of tax exempt bonds, and investors are well aware of the heavy near future financing calendar, not to mention the untold billions of bonds that will undoubtedly come to market in 1960 and subsequent years.

Noting these fundamentals, and comprehending their importance, buyers generally are waiting to make purchases even though their timing may be wrong. Many prefer to "catch the turn" even though it might cost more to do it that way. Since tax exempt bonds fluctuate as a group, more like high grade common stocks, due largely to their varying importance in tax problems, in addition to their investment characteristics, buyers have been more conscious of market levels than in years past.

"One Bid" Tendency to Continue

As new issues tend to become larger, underwriting them in a tight money market becomes more difficult, especially during periods of congested new issue sales. Infrequently, dealers have in the past combined their groups in order to make the best possible bid. Although the spirit of competitive bidding has been thus transgressed, the form of competition has been fulfilled. It is possible that this arrangement may be resorted to more often in the coming months. It will help in maintaining an orderly market during a period of unsettled money market conditions.

The accelerated use of money has posed a serious problem to large municipal borrowers, on whom the general stability and future growth of the economy depends. The bond marketplace must be made continuously available in an orderly pattern of interest cost. This, bond dealers have been trying to bring about without too much loss to themselves. The ultimate market level, within reason, seems less important than the consistent availability of a receptive marketplace. The combined intelligent efforts of borrowers and underwriters are needed to keep the flow of investment better coordinated.

Recent Market Activities

Two interesting, if not voluminous, underwritings occurred yesterday (12/30/59), one a new issue and one a secondary market offering. An issue of $4,900,000 Ventura, California School bonds was awarded to a group headed by the Security-First National Bank of Los Angeles, the American Trust Company of San Francisco, and the California Bank of Los Angeles. Upon offering, all the bonds were sold. The interest cost was 3.872% for bonds maturing 1961-1975.

The First National City Bank of New York sold $3,475,000 State of California 1½% due 1962-1965 competitively, to a C. J. Devine & Company-Blyth & Company group on the same day. All but $700,000 were disposed of at this writing. This would indicate good interest at this season for both current and low coupon issues when realistically priced.

The balance of the State of New Jersey issue has been substantially reduced since our last report. Although the entire $66,000,000 was sold out of account on offering, a sizable balance appeared in the "Blue List" and other offering sheets. In this instance some interest has persisted at list prices, despite the lower market trend.

The "Blue List" inventory of state and municipal bonds has been reduced, largely through new issue inactivity. Hence, dealers have been able to reduce old holdings without taking on new commitments. The temporary technical improvement is welcome. The total as reported on Dec. 30 is $310,039,870 as against $326,440,870 a week ago. The dollar quoted revenue term issues, although quoted somewhat lower, have traded only in light volume and in orderly fashion during the past week.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	4.10%	3.90%
Connecticut (State)	3¾%	1980-1982	3.55%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.85%	3.70%
New York (State)	3%	1978-1979	3.85%	3.70%
Pennsylvania (State)	3⅜%	1974-1975	3.35%	3.20%
Vermont (State)	3⅛%	1978-1979	3.30%	3.20%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.50%	3.35%
Los Angeles, Calif.	3¾%	1978-1980	4.10%	3.90%
Baltimore, Md.	3¼%	1980	3.85%	3.70%
Cincinnati, Ohio	3½%	1980	3.65%	3.50%
New Orleans, La.	3¼%	1979	4.00%	3.85%
Chicago, Ill.	3¼%	1977	4.00%	3.85%
New York City, N. Y.	3%	1980	4.40%	4.30%

December 30, 1959 — Index = 3.657%

DOLLAR BOND QUOTES AND RELATED INFORMATION

(Prices and yields are approximate)

Issue—	First Callable Date (as a whole)	Call Price	Offering Price	Net Changes from Prev. Week	Yield to Maturity
Chelan Co., Wash. PUD No. 1 5% 7-1-2013	1-1-1978	100	108¼	— ¼	4.59%
Chicago [illegible] Airport 4¾% 1-1-1999	1-1-1974	104¾	[illegible]	(*)	[illegible]
Chicago Reg. Port 4% 7-1-1995	7-1-1962	103½	91	—1	4.50%
Florida Turnpike Authority 3¼% 4-1-1995	4-1-1962	103½	83¾	(*)	4.12%
Grant Co., Wash. PUD No. 2 3⅞% 11-1-2005	5-1-1966	103	93¾	(*)	4.18%
Illinois Toll Highway 3¾% 1-1-1995	1-1-1965	103¾	[illegible]	+ [illegible]	[illegible]
Illinois Toll Highway 4¾% 1-1-1998	1-1-1978	104¾	89¾	(*)	5.38%
Indiana Toll Highway 3½% 1-1-1994	1-1-1962	103	[illegible]	+1	[illegible]
Jacksonville, Fla. Exp. 4¼% 7-1-1992	7-1-1967	103	[illegible]	— ½	[illegible]
Kansas Turnpike Authority 3⅜% 10-1-1994	10-1-1962	103	72¼	+ ½	5.06%
Kentucky Turnpike Authority 3.40% 7-1-1994	7-1-1960	104	90	+ ½	3.93%
Mackinac Bridge Authority 4% 1-1-1994	1-1-1964	108	85½	+1½	4.87%
Maine Turnpike Authority 4% 1-1-1989	1-1-1958	104	81¾	(*)	5.22%
Massachusetts Turnpike Authority 3.30% 5-1-1994	5-1-1962	103½	82½	+1	4.28%
Massachusetts Port Authority 4¾% 10-1-1998	10-1-1969	104	102¾	+ ¼	4.60%
New Jersey Turnpike Authority 3⅜% 7-1-1988	7-1-1958	103½	92¾	(*)	3.78%
New York Power Authority 3.20% 1-1-1995	1-1-1963	103	83	+1	4.11%
New York Power Authority 4.20% 1-1-2006	1-1-1970	103	99	— ⅝	4.25%
New York Thruway Authority 3.10% 7-1-1994	7-1-1960	103½	82	+ ½	4.07%
Ohio Turnpike Authority 3¼% 6-1-1992	6-1-1959	103	84½	+1¼	4.12%
Pennsylvania Turnpike Authority 3.10% 6-1-1993	6-1-1959	103	82	(*)	4.07%
Richmond-Petersburg Turnpike 3.45% 7-1-1995	7-1-1963	103½	78	(*)	4.72%
Tri-Dam Project, Calif. 3.05% 7-1-2004	7-1-1959	104	81	(*)	3.95%
Virginia Toll Revenue 3% 9-1-1994	9-1-1959	105	84½	+ ¼	3.80%

(*) Unchanged.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

January 5 (Tuesday)			
Cranston, R. I.	1,000,000	1961-1980	Noon
Hattiesburg, Miss.	2,600,000	1961-1935	2:00 p.m.
King County, Bellevue Sch. Dist. No. 405, Wash.	1,000,000	1962-1980	11:00 a.m.
Muscogee County Sch. Dist., Ga.	3,000,000	1960-1988	Noon
Nashville, Tenn.	4,000,000	1963-1990	7:30 p.m.
Paramount Unified Sch. Dt., Calif.	1,000,000	1961-1985	9:00 a.m.
Pine Bend-Inver Grove Independ. School District No. 199, Minn.	1,250,000	1963-1987	7:00 p.m.
Portland, Ore.	1,000,000	1962-1975	10:00 a.m.
Santa Monica Unified S. D., Calif.	2,500,000	1961-1980	9:00 a.m.
Sequoia Union H. S. Dist., Calif.	1,500,000	1961-1985	10:00 a.m.
West Virginia (State of)	3,600,000	1963-1935	11:00 a.m.
January 6 (Wednesday)			
Monroe County, N. Y.	5,965,000	1961-1983	2:00 p.m.
San Jose, Calif.	4,435,000	1961-1980	11:00 a.m.
January 7 (Thursday)			
Passaic County Regional High Sch. District No. 1, N. J.	1,200,000	1961-1980	8:00 p.m.
Toledo City School District, Ohio	10,000,000	1961-1983	Noon
January 11 (Monday)			
Lower Camden County Regional High Sch. Dist. No. 1, N. J.	2,780,000	1960-1978	8:00 p.m.
Red Wing, Minn.	2,250,000	1962-1980	2:00 p.m.
Saginaw, Mich.	2,000,000	1960-1985	7:30 p.m.
San Francisco, Calif.	13,600,000	1961-1975	10:00 a.m.
Seattle, Wash.	1,800,000	1969-1985	10:00 a.m.
Seattle, Wash.	10,000,000	1969-1985	10:00 a.m.
Seattle, Wash.	11,800,000	-------	-------
Shively, Ky.	3,855,000	1962-1999	8:00 p.m.
Spring Branch Ind. Sch. Dist., Tex.	2,892,000	1961-1990	8:00 p.m.
January 12 (Tuesday)			
Columbus City School Dist., Ohio	8,000,000	1961-1983	Noon
Los Angeles, Calif.	6,700,000	1962-1990	10:00 a.m.
Maryland (State of)	23,121,000	1963-1975	10:30 a.m.
Monroe, La.	5,500,000	1962-1990	10:00 a.m.
*N. Y. State Power Auth. N. Y.	200,000,000	-------	-------
Pasadena School Districts, Calif.	4,840,000	1961-1990	9:00 a.m.
South Bend School City, Ind.	1,220,000	1960-1983	2:30 p.m.
Tacoma, Wash.	32,000,000	1964-2010	2:00 p.m.
West Ottawa Public School Dist. No. 59, Mich.	2,700,000	1960-1989	8:00 p.m.
January 13 (Wednesday)			
California (State of)	100,000,000	1961-1985	-------
Colerain Township Local School District., Ohio	1,300,000	1961-1982	Noon
King County, Highline Sch. Dist. No. 401, Wash.	1,485,000	1961-1979	11:00 a.m.
January 14 (Thursday)			
South Tahoe Public Utility Dist., California	1,250,000	-------	8:00 p.m.
January 15 (Friday)			
Howland Township Local School District, Ohio	1,775,000	1961-1984	3:00 p.m.
January 18 (Monday)			
King County, Ronald Sewer Dist., Washington	1,360,000	1963-1990	8:00 p.m.
January 19 (Tuesday)			
Arcadia Unified Sch. Dist., Calif.	1,925,000	1962-1980	9:00 [illegible].m.
Fullerton, Calif.	1,000,000	1961-1980	7:30 p.m.
Winnetka, Ill.	1,000,000	1961-1980	8:00 p.m.
January 20 (Wednesday)			
Defiance City Sch. Dist., Ohio	1,350,000	1961-1983	Noon
East Muskingum Sch. Dist., Ohio	1,100,000	1961-1982	Noon
Louisiana (State of)	15,000,000	1961-1984	11:00 a.m.
South St. Paul Special School Dist. No. 6, Minn.	1,450,000	-------	8:00 p.m.
February 9 (Tuesday)			
Public Housing Administration (local Authority bonds)	102,000,000	-------	-------

*A negotiated sale to be underwritten by syndicate headed by Dillon, Read & Co., Halsey, Stuart & Co., Kuhn, Loeb & Co., and W. H. Morton & Co.

A Diversified Forecast For the Year Ahead

By Roger W. Babson

For the first time in 40 years of annual forecasting, Mr. Babson does not take a position on the Dow-Jones Averages' future. He expects a market break after November's election no matter who wins the election, and offers some specific and general investment advice which includes the formula of keeping well diversified portfolio with one-third in growth stocks, one-third in bonds and remainder in cash to take advantage of any sudden stock market drop.

Naturally, as I am just back from Moscow and Berlin, my first thoughts are what will happen to Berlin in 1960. My answer is definitely, "NOTHING WILL HAPPEN." Mr. K will make no more ultimatums; President Eisenhower will continue his peace talks. Therefore the Berlin situation will be just the same in 1960 and 1961 as it is today.

There will be no World War started between Russia and the United States in 1960. This does not mean that such a war will not come within ten years; but just now neither country is ready for it. I am convinced of this after my recent visit to Moscow.

Airplane warfare with the dropping of bombs is a thing of the past. We are turning to rocketry with pinpoint precision. Our expensive air bases may gradually be vacated.

Moscow is Mr. K's "pride and joy." It is a beautiful city with broad streets and thousands of new apartment houses. Mr. K does not want it destroyed. Furthermore, he wants a reduction in armaments so that he will have money to raise the standard of living in Russia. I forecast he will have to do this in order to hold his power.

We first feared a "shooting war"; now we are in a "cold war"; but we will soon be in an "educational war." In 1960 the United States will expend far greater effort on education.

Along with the effort to improve education during 1960, I forecast that our teachers will be given a minimum salary of $5,000 and that schools of all states will receive Federal aid.

I forecast that instead of spending so much money on new school buildings, municipalities will give more attention to discipline, promotions, and sifting, and to the teaching of mathematics, physics, and chemistry in both grammar and high schools.

I forecast that some of those who have gone into business will seek teaching jobs, which will be a major force in postponing World War III. School teaching will be a part of our national defense.

The Russians are afraid of China, which I hope to visit again in 1960. Hence, I forecast that more friendly relations will develop between China and the United States during 1960.

Space travel to the moon is largely for propaganda purposes and to take our minds off the military phases of rocketry, submarines, and breaking the earth's crust. Only the fear of retaliation will prevent the Russians from starting a world war.

I forecast no reduction in taxes of any consequence during 1960.

I predict that present defense expenditures will be reduced and the money spent on rocketry, submarines, breaking the earth's crust, and education.

There will be very little reduction in foreign aid during 1960.

I forecast an attempt in 1960 to increase tariffs on goods imported from Germany, Italy, Japan, and other cheap labor countries.

I expect 1960 to be a "do-nothing" year for our Congress. Both parties will be working for continued prosperity.

Cost of Living

I forecast no substantial reduction in living costs during 1960.

The newly imported cheap, low-priced automobiles are here to stay. Their importation cannot be checked.

Electric power rates will be lowered in 1960.

Clothing should cost less in 1960. In fact, most textiles and plastics will sell for less in 1960.

Soap and all forms of washing powder will sell for less in 1960. This applies also to "wonder drugs" and other chemical products.

Cost of wooden homes—due to labor—will advance in price during 1960. Cement and modern machinery will displace bricklaying. Hence, there may not be much increase in the cost of building fire-proof apartment houses.

The cost of electronic machinery should be higher because of the growing demand for automation to offset the rise in wages.

Steel products (especially stainless) — from the tableware used in homes to the steel used to build bridges — will be in greater demand in 1960.

The demand for most food products will increase during 1960. This should especially help the United Fruit Company, as bananas give the most nourishment, at the least cost, of any known food.

I forecast increases in rents, maintenance, and taxes. But supermarkets will compete with one another and the housewife should benefit therefrom.

Florida is a good place for middle-aged people to buy a home in a small city as insurance for the time when they retire. Persons buying such homes should depend upon a check from the North every month and not depend upon getting a job in Florida. Even today in Florida one person in 10 is over 65 years of age.

Real Estate

The price of city real estate will depend upon its parking privileges. Wise municipal officials will pull down old two and three story buildings to make parking lots and municipal garages much more plentiful.

The above also applies to suburban real estate. I forecast that new suburban zoning laws will require houses to have vacant adjoining lots sufficient for present and future parking needs.

The demand for modern stores and for centrally located apartments will continue to increase during 1960.

I forecast that those building a "single" house for their own occupancy will also provide an apartment for rent.

I forecast that large commercial farms should be profitable in 1960; but many operators of small farms, not properly located for suburban growth, will sell to some adjoining farmers.

Small farms on well-drained land and near enough to a city for triple their present price. ments should be held. I forecast such farms should some day sell for triple their present price.

Seashore property should be held. The government can print more bonds and corporations can split and declare stock dividends to make more stocks; but only God can make seashore property.

I forecast that real estate taxes will increase during 1960. Wise are property owners who make their rentals *"plus annual taxes."*

As the Russians gradually move westward like a glacier, taking ownership of all property, wise people in Europe will sell their present property and businesses and move to the United States.

I forecast that revolutions in mining will continue during 1960, and you may find that you are living on a valuable iron deposit, if not on a gold mine!

Investment Outlook

For the first time in the 40 years that I have been preparing these Annual Outlooks, I shall not take a position on the Dow-Jones Average for 1960. I am, however, inclined to believe that the stock market in general will hold up at least until after the election. Then there may come a break, whichever party wins the election next November.

I forecast 1960 will be the year to buy good bonds. United States Government Bonds yielding 5% are a great bargain. Anyone buying them is bound to make money. I also like all non-taxable bonds and also some taxable but convertible bonds.

I forecast some chemical stocks will still be a buy in 1960, although they yield little income and are good only as growth stocks.

There will be failures by the thousands among those companies now issuing electronics stocks. Electronics issues have become a popular fad. There is also unemployment ahead for many who are now working in electronics factories.

I forecast that the stocks of electric power companies, but not those of large cities, will be in greater demand in 1960.

Of all stocks, I forecast that United Fruit may be most in demand in 1960.

I predict that only a few railroads will be popular during 1960, such as Canadian Pacific, Union Pacific, Northern Pacific, and perhaps Southern Pacific and Atchison. I am bearish on Pennsylvania Railroad, New York Central, New Haven, and all short lines except for the Norfolk & Western, my "pet gravity road." I also fear a short railroad strike.

Failures will continue to increase during 1960.

I forecast that the huge national roadbuilding program will give an uplift to business as it progresses.

There will be no marked changes in money rates during 1960. Inflation will gradually continue, but may not be serious during 1960.

The best investment policy during 1960 will continue to be a well-diversified portfolio with one-third in stocks for possible growth profits, one-third in bonds for safety and income, and one-third in cash in order to have funds available for investment in the severe and sudden drop in the stock market which will come some day.

Conclusion

The three handicaps to American business in 1960 will be increasing installments purchases, the unfair demands of labor union leaders, and President Eisenhower's physical condition. The three hopes for America are our churches, our schools, and our praying parents.

Muller, Schryver Admit

Muller & Schryver, 40 Wall Street, New York City, members of the New York Stock Exchange, on Dec. 30th will admit George W. E. Schortemeier to partnership. Mr. Schortemeier will become a member of the New York Stock Exchange.

Morgan Stanley Announce Changes

Morgan Stanley & Co., 2 Wall Street, New York City, members of the New York Stock Exchange announce that Sumner B. Emerson will retire as a general partner effective Jan. 1, 1960, and become a limited partner of the firm. At the same time Roger T. Gilmartin will be admitted as a general partner.

Sumner B. Emerson

Roger T. Gilmartin

Mr. Emerson was graduated from Dartmouth College in 1917 and was a balloon observer in the United States Army in World War I. He joined the Buffalo office of Guaranty Company of New York in 1922 and later was in charge successively of its offices in Montreal and Philadelphia until May, 1934, when he became Vice-President of Fire Association of Philadelphia and its affiliated companies. He became a Vice-President of Morgan Stanley & Co. Incorporated in October, 1936 and a partner of Morgan Stanley & Co. when the partnership was organized in 1941. Mr. Emerson is a trustee of Rutgers University and an overseer of The Amos Tuck School of Business Administration at Dartmouth. He is a past President of the Bond Club of New York and a past Vice-President of the United Hospital Fund of New York and a former Governor of the Investment Bankers Association.

Mr. Gilmartin was graduated from Fordham College in 1940. He received his master's degree in 1942 and his doctorate in 1953 and was a captain in the United States Army from 1942 to 1946. From 1946 to 1957 he was associated with the buying department of Merrill Lynch, Pierce, Fenner & Beane. In 1954 Mr. Gilmartin spent seven months in Europe studying European investment banking methods under the Eisenhower Exchange Fellowships program. He joined the staff of Morgan Stanley & Co. in October, 1957.

A. C. Allyn & Co. To Admit Stugard

On Jan. 7 Erwin Stugard will become a partner in A. C. Allyn & Co., members of the New York Stock Exchange. Mr. Stugard, who makes his headquarters in the firm's New York offices, is an officer of the affiliated corporation, A. C. Allyn and Company, Incorporated.

Planned Investing Formed

Planned Investing Corp. is conducting a securities business from offices at 320 Broadway, New York City.

Form Seacoast Investors

BROOKLYN, N. Y.—Seacoast Investors Corp. is engaging in a securities business from offices at 160 Fifth Avenue.

Sulco Secs. Opens

Sulco Securities Inc. is conducting a securities business from offices at 20 Pine Street, New York City.

L. J. Termo Opens

L. J. Termo & Company, Inc. is conducting a securities business from offices at 79 Madison Avenue, New York City.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Baking and Milling Shares—Survey with particular reference to **American Bakeries Company, General Mills, Incorporated, National Biscuit Company, Pillsbury Company, Quaker Oats Company** and **Sunshine Biscuits, Inc.** — Thomson & McKinnon, 2 Broadway, New York 5, N. Y.

Burnham View—Monthly Investment Letter—Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current **Foreign Letter.**

Commodity Outlook — Bulletin — Bache & Co., 36 Wall Street, New York 5, N. Y. Also available is a memorandum on **National Malleable & Steel Castings Co.**

Copper Stocks—Analysis in January letter — Goodbody & Co., 2 Broadway, New York 4, N. Y. In the same circular are data on **Anaconda** and **American Metal Climax**, and lists of securities in various industries which appear attractive. Also available are reports on **American Telephone & Telegraph, Cooper Jarrett, J. C. Penney Co., Rochester Gas & Electric Co., Atlantic Coast Line, Chicago Great Western, General Telephone, Heyden Newport Chemical Corp., Interchemical Corp., Kansas Power & Light Co., Norfolk & Western Railway, Philco**, and **Beckman Instruments** and a discussion of a **Revlon** to **American Viscose** switch.

Dow Jones Industrials—Comparison of action of individual stocks and the averages—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available is a memorandum on **Bank of West-bury Trust Co.**

Interest Rates—Survey—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Investment Quality Stocks Paying $2 annual dividend—A list of 14 issues — A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available is an analysis of **Electrolux Corp.**

Japanese Stock Market—Study of changes in postwar years—In current issue of "Nomura's Investors Beacon"—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is a review of the outlook for Plant and Equipment Expenditures in Japan for 1959 and brief analyses of **Mitsubishi Heavy Industries, Nippon Flour Mills Co., Iwaki Cement Co.** and **a survey of the Steel Industry.**

Japanese Stocks—Current Information — Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Land and Building Stocks—Analysis with particular reference to **All-States Properties, Inc., Arvida Corp., City Investing Company, Florida Palm-Aire Corp., General Building Corp., General Development Corporation, Lefcourt Realty Corp.** and **Southern Realty & Utilities Corp.** — Brand, Grument & Seigel, Inc., 49 West 33rd St., New York 1, N. Y.

Market Outlook For 1960 — Circular—Vilas & Hickey, 26 Broadway, New York 5, N. Y.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Smaller Companies — Twice a month publication of information about smaller, promising companies—$15 for three-months subscription; $50 per year—sample copy of current issue on request—Profit Situations, P. O. Box 14, Hillsdale, N. J.

Tax Exempt Bond Yields — Discussion — Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

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Aeroquip—Memorandum—White, Weld & Co., 20 Broad Street, New York 5, N. Y. Also available is a memorandum on **Farbenfabrieken Bayer.**

Air Control Products — Report — Van Alstyne, Noel & Co., 52 Wall Street, New York 5, N. Y. Also in the same circular are data on **Schering Corp., Studebaker-Packard**, and **Atlas Plywood.**

Airwork Corp. — Memorandum — Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y.

American Photocopy Equipment Company—Analysis—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Anderson-Prichard Oil Corp. — Report — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a report on **Great Northern Paper.**

Armstrong Rubber—Memorandum —Pershing & Co., 120 Broadway, New York 5, N. Y.

Atlas Plywood — Memorandum — Porges, Singer & Co., 15 Broad Street, New York 5, N. Y.

Bank of Douglas—Analysis—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Borg-Warner—Analysis—Blair & Co., Incorporated, 20 Broad St., New York 5, N. Y. Also in the same circular is an analysis of **Phillips Petroleum.**

Brown Shoe Company—Report—Newhard, Cook & Co., Fourth and Olive, St. Louis 2, Mo.

Budd Company — Memorandum— Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also available is a memorandum on **Dana Corp.**

Colonial Sand & Stone—Analysis —Grimm & Co., 2 Broadway, New York 4, N. Y.

Continental Oil — Memorandum— Sartorius & Co., 39 Broadway, New York 6, N. Y.

Cowles Chemical Company—Analysis—Woodcock, Moyer, Fricke & French, Inc., 123 South Broad Street, Philadelphia 9, Pa. Also available is a memorandum on **McLouth Steel Corp.** and an analysis of **Dravo Corporation.**

Edgecomb Steel of New England —Memorandum—Schirmer, Atherton & Co., 50 Congress Street, Boston 9, Mass. Also available is a memorandum on **Ludlow Manufacturing.**

Elco Corporation — Data — S. D. Fuller & Co., 26 Broadway, New York 4, N. Y. Also in the same circular are data on **Blossman Hydratane Gas, Speedry Chemical Corporation, Technology Instrument Corporation, Airtex Dynamics Corporation** and **Gold Seal Products Corporation.**

Electronics Capital Corporation— Analysis—Alkow & Co., Inc., 50 Broadway, New York 4, N. Y.

Ex-Cell-O Corp. — Memorandum —Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **National Cash Register Co.** and reviews of **Mack Trucks** and **United Carbon.**

Ferro Corp. — Memorandum — Walston & Co., Inc., 74 Wall Street, New York 5, N. Y.

Fibreboard Paper Products—Review—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass. Also in the same circular are reviews of **Universal Oil Products** and **United-Carr Fastener.**

Fruehauf Trailer — Memorandum —J. Barth & Co., 404 Montgomery Street, San Francisco 4, Calif. Also available are memoranda on **North American Aviation** and **Addressograph-Multigraph.**

Garrett Corp. — Memorandum— Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine Street, New York 5, N. Y. Also available are memoranda on **Bridgeport Brass, Commercial Solvents, Owens Illinois Glass Co.** and **Western Union. General Railway Signal** — Memorandum—Blair & Co. Incorporated, 105 South La Salle Street, Chicago 3, Ill.

Georgia Bonded Fibers, Inc.— Memorandum—V. S. Wickett & Co., 99 Wall Street, New York 5, N. Y.

Gerber Products Company—Analysis—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y.

Hugoton Production Company— Analysis — Rotan, Mosle & Co., Bank of the Southwest Building, Houston 2, Tex. Also available is an anlysis of **Texas Gulf Producing Co.**

Hunt Foods & Industries—Analysis—A. M. Kidder & Co. Inc., 1 Wall Street, New York 5, N. Y. Also in the same circular are reports on **Philco Corp.** and **Budd Co.**

International Paper Company — Analysis—Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

Kansas Power & Light Co.—Data —H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available are data on **Texas Gas Transmission, Wisconsin Power & Light, Washington Gas Light, New York Central, Baltimore & Ohio, New York, Chicago & St. Louis, Chesapeake & Ohio** and **Pittsburgh & Lake Erie**, and a memorandum on **National Cash Register.**

Kellogg Co. — Memorandum — Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Minnesota and Ontario Paper Company—Analysis—Hornblower & Weeks, 40 Wall Street, New York 5, N. Y. Also available is an analysis of **Maryland Casualty Company.**

National Old Line Insurance Company — Analysis — The Illinois Company, Incorporated, 231 South La Salle Street, Chicago 4, Ill.

Radio Corporation of America— Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Richfield Oil Corporation — Analysis — Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

Richmond Homes, Inc.—Analysis —Cruttenden, Podesta & Co., 209 South La Salle Street, Chicago 4, Ill.

Scott & Fetzer Company—Analysis—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a report on **Allied Laboratories, Allied Paper Corporation** and **National Distillers & Chemical.**

Singer Manufacturing Co.—Survey—Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same circular is a survey of **Southern Railway.**

Southern Natural Gas — Memorandum—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Sperry Rand Corporation—Analysis—Robert W. Baird & Co., Incorporated, 110 East Wisconsin Avenue, Milwaukee 1, Wis. Also in the same circular are data on **Chain Belt, Outboard Marine,** and **Square D.**

Stabell Opens Branch

TAMPA, Fla.—Donald V. Stabell Investments has opened a branch office at 301 North Florida Avenue under the direction of Donald V. Stabell.

Merrill Lynch Office

BROOKLYN, N. Y. — Merrill Lynch, Pierce, Fenner & Smith Inc. has opened a branch office at 2231 Church Avenue under the management of Gregory L. Canavan.

Butterfield Branch

FLINT, Mich.—H. H. Butterfield and Company has opened a branch office in the Dryden Building under the management of Leroy J. White.

COMING EVENTS

IN INVESTMENT FIELD

Jan. 15, 1960 (Baltimore, Md.)
Baltimore Security Traders Association 25th annual Mid-Winter Dinner.

Jan. 20, 1960 (Kansas City, Mo.)
Kansas City Security Traders Association annual Winter Dinner at University Club.

Jan. 20, 1960 (Philadelphia, Pa.)
Philadelphia Securities Association annual meeting and dinner at the Hotel Barclay.

Jan. 25, 1960 (Chicago, Ill.)
National Security Traders Association National Committee meeting at the Ambassador West.

Jan. 25, 1960 (Chicago, Ill.)
Security Traders Association of Chicago, Inc. Mid-Winter Party at the Guild Room of the Ambassador West.

Feb. 1-2, 1960 (Dallas, Texas)
Association of Stock Exchange Firms meeting of Board of Governors at Sheraton Dallas Hotel.

Feb. 3, 1960 (Detroit, Mich.)
Bond Club of Detroit annual winter party at Sheraton Cadillac Hotel.

Feb. 12, 1960 (Boston, Mass.)
Boston Security Traders Association Winter Dinner.

April 10-11-12, 1960 (Dallas, Tex.)
Texas Group of Investment Bankers Association of America 25th annual meeting at the Sheraton Dallas.

April 8, 1960 (New York City)
New York Security Dealers Association 34th annual dinner in the Grand Ballroom of the Hotel Biltmore.

May 9-10, 1960 (Atlanta, Ga.)
Association of Stock Exchange Firms meeting of Board of Governors at Hotel Atlanta Biltmore.

June, 1960 (Detroit & Michigan)
Security Traders Association of Detroit and Michigan Summer outing at Western Golf & Country Club.

Sept. 11-15, 1960 (Sun Valley, Idaho)
National Security Traders Association Annual Convention.

Sept. 12-13, 1960 (New York City)
Association of Stock Exchange Firms meeting of Board of Governors at Fisher's Island Club, Fisher's Island, N. Y.

Nov. 27-Dec. 2, 1960 (Hollywood Beach, Fla.)
Investment Bankers Association Annual Convention at Hollywood Beach Hotel.

E. J. Roberts Branch

BROOKLYN, N. Y.—E. J. Roberts & Co. has opened a branch office at 1601 Ocean Parkway, under the management of Harold Altman.

Some Overripe Problems in Federal Debt Management

By Dr. Ira O. Scott, Jr., Graduate School of Business Columbia University, New York City*

Columbian economist questions claims made as to Treasury debt management's contra cyclical effectiveness, rakes Congress over the coals charging it prompts costly fiscal deviousness and difficulties; and proposes new approaches to improve Federal debt management after pinpointing what handicaps receptivity for Treasury issues. Dr. Scott finds commercial banks remain beyond the pale of being influenced by flow of Treasuries in and out of their portfolios; notes Congressional attempts to mollify the business cycle has resulted in growth of Government aided long term issues and decline in long term Treasuries; doubts efficaciousness of tax-exemption subsidy technique in municipals; and castigates Congressional debt and interest rate limitations.

I wish to discuss briefly some current problems in managing the Federal debt. Specifically, I want to discuss the following three issues: first, the range of discretionary authority exercised by the executive branch of the Federal Government; second, the competitive position of Treasury securities in the capital market; and third, the consideration of new techniques that might facilitate management of the debt.

Ira O. Scott, Jr.

In order to put these issues in proper perspective, we can begin on the pleasant note that the burden of the Federal debt is declining. Moreover, there are good prospects for a continuation of this declining trend. Since 1946, we have added about $30 billion to the outstanding debt. But the national income has grown even more rapidly. Consequently, while the total debt was about 1½ times the national income in 1946, the debt now amounts to less than ¾ of the national income. During the same period, the interest cost of the public debt as a percentage of the national income has fallen by ⅓, from about 3% to something less than 2%.

Barring another war and the recurrence of large Federal deficits, the continued growth of the economy should enable us to reduce this burden even further. It is not unreasonable, for example, to suppose that the national income will exceed $500 billion by 1965. If we can keep the Federal debt within $300 billion, it will have declined to less than 60% of the national income.

May I suggest, however, that these figures as they are typically presented tend to exaggerate the burden of the debt. About $80 billion of our $290 billion Federal debt is held by the Federal Reserve System or Treasury-managed trust funds. These securities have in some sense been effectively retired. On this basis, the Federal debt is about ½, rather than ¾, of the national income.

Regarding the main burden of my paper, I wish first to speak to the question of the range of discretionary authority exercised in the debt management area by the executive branch of the Government. The Congress has, in its wisdom, gradually expanded the authority of debt management officials. Prior to World War I, for example, Congress would usually pass a new law setting forth the precise terms of the issue every time the Treasury needed to borrow money. Today, of course, the President and the Secretary of the Treasury enjoy much greater latitude in managing our Federal finances. However, two serious obstacles remain to prevent the achievement of a desirable degree of flexibility. I refer to the interest rate ceiling and the public debt limit.

Criticizes Interest Rate Ceiling

The 4¼% ceiling applies to all new issues of Treasury bonds, which includes all new issues maturing in more than five years. This limitation in its present form was imposed by the Congress in the Third Liberty Bond Act of April 4, 1918. During the easy money periods of the Great Depression and World War II, the ceiling was ineffective. But during this past year, the demand for funds has driven the long-term Treasury borrowing rate above the 4¼% level. Thus the Treasury must refinance all maturing debt and meet any needs for new cash by issuing securities which mature within five years.

As is so often the case when legislative bodies attempt to set prices arbitrarily, they fail to achieve their basic objective and at the same time impose costly rigidities. The interest rate ceiling is a case in point. The avowed objective of most proponents of the ceiling device is to reduce the interest cost of the Federal debt. With an $8 billion annual interest charge, we can all sympathize with this objective. However, the interest rate ceiling fails to achieve this goal. You are all aware of the "hump" in the Government securities yield pattern. That is, long-term yields are less than those within the five year limit. Yet as a consequence of the interest rate ceiling, the Treasury has been forced to add $9.3 billion to the 4-5 year maturity range—the 4¾s and the 5s of 1964 and the 4⅞s of 1963. In other words, the Treasury could doubtless have floated some of these issues at a lower interest cost if it had been permitted to offer a longer term issue at a rate somewhat in excess of the 4¼% ceiling.

We are all aware, I am sure, that the question whether interest rates generally should be lower or higher is a legitimate one to ask. It is conceivable, for example, that we could have lower interest rates along with stable prices if at the same time taxes were raised and/or Government expenditures were reduced. Be that as it may, the interest rate ceiling device is not the way to accomplish the objective of reducing the interest cost of the debt. The ceiling has not only seriously hindered the flexible management of the Federal debt, it has resulted in a higher interest cost on the debt than would otherwise have been necessary.

The Federal debt limitation is another case in point. As a result of this constraint, we have witnessed the curious paradox of Congressional refusal to permit the Treasury to obtain the funds necessary to finance governmental activities for which Congress itself has passed appropriation measures! Again, like the interest rate ceiling, the debt limitation has not been a great source of concern until the recent period.

As noted earlier, prior to World War I, Congress would usually enact specific legislation each time the Treasury had to go to the market. As World War I deficits mounted, Congress adopted the practice of amending the Second Liberty Bond Act of Sept. 24, 1917, whenever new debt authority was needed. On Feb. 19, 1941 Congress combined its authorization for each type of security into a total debt figure. With this legislation, Congress introduced the present form of the Federal debt ceiling. Except for the World War II period, during which the ceiling was lifted repeatedly, the debt limitation attracted little attention until 1953. Since then, the Federal debt has been bumping along a ceiling which has contributed further inflexibility to fiscal and debt management.

Devious Budgetary Practices

The debt ceiling has been heralded by its proponents as a means of inducing fiscal responsibility. The ceiling has, in fact, resulted in costly inefficiencies and subterfuges. One of the most serious charges that can be made against the debt ceiling is that it has served as a stimulus and a sanction for devious budgetary practices. By way of illustration, the Treasury discovered an escape valve in forcing Federal agencies to finance themselves through direct operations in the capital market rather than through the Treasury. Thus the Commodity Credit Corporation (CCC) sold $1.3 billion of Certificates of Interest during the second half of 1953 to help finance the price support program. Similar financing operations were undertaken by the CCC in 1954 and by the Federal National Mortgage Association (FNMA) in 1955, 1957, 1958 and 1959.

Normal budgetary procedures have also been bypassed in other ways because of recurring debt limit crises. In 1953 and 1958, the Treasury monetized some of its rapidly disappearing balance of free gold. The debt limitation has also fostered proposals for the establishment of independent authorities endowed with the power to borrow outside the debt limit, such as the Federal Highway Authority proposal of 1955.

Proponents of the debt limitation typically defend it as a curb to Federal spending. In fact, the evasive manipulations which I have just described have resulted in a drain on the government's resources. For example, the Certificates of Interest — short-term demand notes sold by the CCC—went at rates ranging from 1.63 to 2.50%. During this period, Treasury bills were being auctioned at rates varying from 0.90 to 1.65%. In this case, the debt limit cost the government an estimated $10 million in unnecessary interest expense. To provide immediate relief to the Treasury in 1957, FNMA sold $802 million of 8-month notes at an interest rate of 4.87%. Since comparable Treasury securities were selling at about 3.91%, this financing involved a loss to the government of about $4.6 million. A similar operation in 1958 cost the government about $4 million. The recent offering of FNMA mortgages for Investment Series B bonds is another example of uneconomic borrowing. In testimony before the House Appropriations Committee earlier this year, the President of FNMA stated that such an exchange would bring about a reduction in the Federal debt, but at the same time it would result in a finacial loss to the government.

It is impossible to attach a dollar figure to the costly disruption of our defense program in 1957. In the very teeth of Sputnik, the Administration was forced to stretch out production schedules, restrict overtime operations by defense contractors, and reduce progress payments. Needless to say, these cutbacks might have been catastrophic in their effect.

Charges Fiscal Hypocrisy

Thus, as an expenditure control, the debt ceiling has been self-defeating. More precisely, it has been an instrument of fiscal hypocrisy whereby Congress has badgered and berated the President and the Secretary of the Treasury for incurring deficits which Congressional enactments have forced upon them.

The debt ceiling has not only failed to gain the expressed object of providing fiscal responsibility and reduced expenditures. It has also restricted the Treasury's freedom in managing the debt. In 1957 and 1958, for example, the excess of the ceiling over the outstanding debt fell to $0.8 billion and $1.8 billion, respectively. This was seriously below the $3 billion margin considered necessary for efficient Treasury operations. A sufficient margin is required in order to permit an adequate cash balance. This balance has been fluctuating in the neighborhood of $4.5 billion during fiscal 1957, 1958, and 1959. The balance amounted to less than 70% of average monthly budget expenditures during fiscal 1959. If the cash balance is driven too low, the Treasury cannot vary the timing of its financing operations in order to exploit more advantageous market conditions. Moreover, some leeway is needed to take care of unforeseen contingencies and seasonal fluctuations in budget receipts.

To conclude my first point, therefore, I believe a strong case can be made for removing the interest rate and debt ceilings. To do so would have a number of beneficial effects, not the least of which would be to impart greater flexibility to management of the Federal debt.

Second, I wish to discuss the competitive position of Treasury securities in the capital market. The impact of Treasury financing operations upon private lenders and borrowers is determined by the degree to which debt management is used as a counter-cyclical instrument. Many economists have felt that the Federal debt should be managed in a manner consistent with the stabilization objectives of monetary and fiscal policy. Thus, the term-structure of the debt should be shortened during recessions and lengthened during periods of strong inflationary pressures.

Sees No Contra-Cyclical Debt's Effect

As a matter of historical record, the Treasury has not followed such a policy. Treasury officials have maintained that the outflow of government securities from commercial bank portfolios during a cyclical upswing and their return during the ensuing decline has had desirable counter-cyclical effects. This thesis I believe to be unacceptable, for it assumes corresponding fluctuations in bank reserves and relatively stable loan portfolios. Actually, governments are replaced by loans in the upswing, and the reverse is true in the downswing, so that resulting changes in velocity are cyclically aggravating.

Be that as it may, I count myself with those who hold that Treasury debt management policy need not be consistent with overall stabilization objectives. For whatever the Treasury does that might be inconsistent with these objectives can readily be offset by the Federal Reserve System. Moreover, whatever the Treasury might hope to achieve by a consistent policy can be accomplished more efficiently by the central bank. The Treasury comes to the market at irregular intervals and discreet points in time; whereas the Federal Open Market Committee (FOMC) can maintain continuous contact with the money market and thus can exercise a continuous influence upon money and capital market conditions.

Regardless of the cyclical tone of debt management policy, the debt must be held by someone. And if it is not to be held by the central bank, it must compete with other investment media. This statement seems obvious. Yet the hue and cry raised by the Treasury's recent market successes lend credence to the adage that "old truths must be repeated again and again."

The market climate for Treasury issues since the advent of flexible monetary policy in 1951 has become increasingly unfriendly. Greater competitive pressure in no way reflects upon the quality of Treasury obligations. Unfortunately, there are those who would measure the quality of government securities by their proximity to par. This fetish for par reminds one of the financial commentator who demanded that we have high bond prices and high interest rates at the same time. Irrespective of their current prices, Treasury obligations are free of default risk and as such continue to be the prime quality investment in this country today.

The worsening of the competitive position of government securities during recent years reflects the improved quality of competing investments. This development has stemmed from several sources, related for the most part to attempts on the part of the Federal government to mitigate the effects of the business cycle. Federal programs to stimulate homebuilding have led to the growth of FHA and VA mortgages. The Federal guarantee and amortization features of these instruments make them close competitors for institutional funds that might otherwise go into governments.

At the end of 1946, there were $117 billion of long-term Treasury bonds outstanding which bore original maturities in excess of 10 years. In contrast, there were $6.5 billion in government-aided debt outstanding. By the end of 1958, the $117 billion of long-term governments had shrunk to $65.5 billion, while the $6.5 billion of government-assisted obligations mushroomed to $58.5 billion. $55.0 billion of this total consisted of FHA and VA mortgages.

Federal insurance of bank deposits and saving and loan shares have lessened the relative attractiveness of government securities in the eyes of the individual investor. The amelioration of the business cycle through built-in stabilizers and a more cyclically sensitive monetary and fiscal policy have all contributed to improvement in the quality of corporate obligations.

Questions Tax-Exempt Financing

Finally, the government securities have suffered as a result of the tax exempt status of state and local obligations. Income from these securities has been exempt from Federal taxes since 1913. In 1941, the Federal government withdrew this privilege from investors in its own obligations. Consequently, the continued tax exempt status of so-called municipals has contributed to the declining competitive position of Treasury issues.

Tax exemption for municipal obligations has been defended on the ground that it facilitates the financing of such meritorious projects as schools, roads, waterworks, and the like. Now most of us are in favor of better schools, improved transportation systems, and efficient waterworks. Some would favor their subsidization by the Federal government. Even so, there is mounting evidence that tax exemption is becoming an increasingly inefficient way to provide such a subsidy.

During the 12 year period since 1946, the average yield of long-

Continued on page 25

The Tempo of the '60s

By Walter E. Hoadley,* Treasurer, Armstrong Cork Company
Lancaster, Pa.

"Change or die" is Dr. Hoadley's advice to business in his survey of current and prospective dynamic developments both here and abroad as they may affect business. This is followed by his outlook views for 1960 which contemplates the highest year for general business yet recorded. As for the building industry, specifically, the writer anticipates the brightest prospects will be in the non-residential field. New housing is expected to drop from about 1,350,000 units in 1959 to 1,200,000 in 1960 and the home fixup growth is found to show signs of slackening, especially among do-it-yourselfers.

The year 1959 and the decade behind us have taught us many things, but most of all, that change dominates all business life.

W. E. Hoadley, Jr.

What has happened to business managements over the past 10 years (1) who thought they could buy labor peace by granting unwarranted wage and working rule concessions? (2) Who placed research emphasis chiefly on face-lifting prewar products? (3) Who pessimistically or conservatively said the residential building market was experiencing only a temporary "catching-up" boom? What has happened to those (4) who said there would always be growing public acceptance of low-priced or low-valued products, and that greater emphasis upon higher-priced and higher-valued products would be suicidal? (5) Who said the "do-it-yourself" business would never amount to much? (6) Who said television was a waste of money as an advertising medium? Or what has happened to those (7) who said specialized selling could not be profitable? Or (8) who said the wholesaler method of distribution was just not adaptable to postwar marketing of resilient floors? You know the answer to all these questions. Managements which failed to foresee and adjust to the important changes of the past decade are now in serious trouble, have lost competitive position or have gone out of business.

"Change or Die"

Change or die—it's almost as simple as that in modern business life.

Today on the threshold of a new decade, it is important that we try to see what further changes lie ahead. Our most important conclusion is that the decade of the 1960's will witness more changes than ever before in our national economic and business life.

The first group of changes involves consumer buying attitudes and actions. A major income revolution is underway, which is certain to accelerate during the 1960's.

Ten years ago only 10% of the families in this country had incomes in excess of $7,500 dollars. Today that figure has more than doubled. Continuation of these same income changes will mean that by the end of the decade ahead, at least half of the families in this country will have incomes averaging above $7,500, and collectively these families will control well over 60% of all purchasing power.

An equally spectacular decline has occurred in the number of families with less than $4,000 income annually. Ten years ago the vast majority of families had incomes of less than $4,000. Today these lower-income families have only 15% of the nation's total purchasing power and will have well below 10% a decade hence.

The changing age structure of the population also points to changing consumer spending attitudes ahead. The number of teenagers in this country already is increasing at a rate of well over one million per year. During the next 10 years there will be more than a one-third increase in our teenage population.

At the other end of the population scale will be a more than 25% rise in the number of men and women 65 years of age and over during the next 10 years. The tastes of these older folks will be conservative and reflect price-value consciousness but retirement incomes also will be increasing steadily. As a result, the senior citizens market for goods and services, including housing, will be larger than ever before.

In summary, the consumer is about to embark on the greatest quest for quality in history!

The International Area

A second group of changes which will affect the future of our businesses is to be found in the international area. Most of us have never worried too much about the impact of foreign economic developments upon general business in this country. We assumed the foreigners were the ones who had to worry. Often it was said, for example, that if the United States economy sneezed, Western Europe caught pneumonia. This situation has changed dramatically. The United States is now running an adverse balance of payments of roughly four billion dollars annually.

The current problem is no longer dollar shortage abroad, especially in Western Europe. For many years after World War II our country sought to re-establish the economic strength of the free world. This has now been substantially accomplished. As a result, all of us must now reckon with a new set of international business problems. More and more American-made products are being placed at a competitive disadvantage with foreign-made products. American consumers also show a market increase in interest in goods made abroad. No nation, including the United States, can continue on adverse balance of international payments for long without a serious drain on gold reserves and domestic readjustments.

You may say why does this rather complicated international situation concern me? Frankly, it has a very direct effect upon every one of us. Increased foreign competition means fewer jobs and less income to be spent in this country and a weakening of our international position at a time when the Russians have declared an all-out commercial war. Moreover, further foreign drains on the monetary reserves of this country can only aggravate the tight money problems which now confront us nationally and especially in the building industry. Our future national and personal prosperity is going to depend increasingly on how well we are able to meet competition more effectively abroad as well as at home.

Government Policies and Programs

A third group of changes which we must face involves future government policies and programs. Most of the economic laws and policies now in effect were framed and adopted during the depression of the 1930s to combat deflation and unemployment rather than to check inflation and stimulate growth by private means.

The years just ahead will see some of the most intense political battles over anti-inflation and growth policies. The public seems increasingly aware of the inevitable adverse effects of government spending in excess of income and wage increases which outstrip productivity. But, far too many people still fail to understand that there is a definite limit to what any government can provide in services, no matter how desirable.

We should be conscious that vast changes are taking place in the relative importance of different groups influencing new legislation. Roadblocks to efficiency and to prudent risk-taking must be eliminated if our nation is to continue to achieve vigorous growth. Tax policy must increase incentive—not kill it.

I'm optimistic that many changes will be constructive and contribute to our further national and business growth. But should the changes bring greater restrictions on incentive and promote more inflationary policies, the current bright hue on the long-range business horizon will dim rapidly.

Business Policies and Problems

Fourth, some very important changes also can be expected in business policies and problems. Few businesses can hope to be persistently successful over the years ahead with management thinking based largely upon hunches or just what's been traditional. The leaders of American business now design their products and merchandising policies to meet fairly precise market and customer needs. More and more business managements will follow this course over the years just ahead. Competition will be better informed and consequently tougher.

Prudent business managements will find it much more essential to exercise closer financial control over the years ahead than at any time since the end of World War II.

At the heart of the financial problems facing business lies the very simple truth that demand for money is outstrippng the available supply, including the rate of saving. Moreover, the nation's huge cash and liquid asset resources piled up during World War II and the early postwar years have now been rather substantially committed to use. Tight money almost certainly will be a much more chronic problem in the decade of the '60s than at any time for more than a generation.

Business managements also must now recognize they are running headlong into an acute shortage of skilled and experienced personnel. No change in the number of persons in the middle-aged brackets can be anticipated because of the low birth rates during the 1930's. Aggravating the problem is the socially and economically reasoned decision of a growing proportion of young people to avoid technical and manual work. The net result will be a vast oversupply of better educated but unskilled and inexperienced young workers plus a substantial return of unskilled married women to the labor force after their children have become well established in school.

What this all means to business management is considerably less flexibility in future costs because of the rise in salaried as opposed to wage workers. Moreover, with sharp gains ahead in numbers of scientific and office managerial workers, the problem of getting greater productivity in the 1960's may well involve the white-collar worker much more than the production worker.

Outlook for 1960

Now, let's turn our attention more specifically to the prospects for 1960, the first year of the challenging new decade ahead. The year 1959 has indeed been one of broadly better business with an average gain in general business of about 8% over 1958. Unquestionably the rise would have been even greater if the steel strike had not retarded business since last July.

The outlook for 1960 is for further improvement in general business but at a more moderate pace, perhaps 5 to 7%. Inasmuch as the economy was moving forward with considerable strength before the steel strike started, there is no reason to anticipate that any basic weakness in general business will emerge in the near future. On the contrary, while the next two or three months obviously will be unsettled because of the interruption in steel supplies, there will be widespread efforts to meet some pent-up demands, and rebuild inventories. In short, the first half of 1960 seems pretty well assured as a prosperous period, especially if a prolonged general rail strike can be avoided next February or March—which now seems likely.

The second half of 1960 will receive much less stimulus from inventory accumulation and tight money will have continued restrictive effects. Nevertheless, there will be a strong undertone to business as stepped-up expenditures for plant and equipment materialize in most sections of the country.

The entire business year will be clouded by political developments at home and abroad, especially in light of the highly important presidential and congressional elections. A resurgence of "political prosperity" next year is to be expected as parties and candidates try to insure a favorable economic climate for the voters.

Next year gains will be much more selective than those generally achieved during the past twelve months. Pressures on profit margins will mount and frequent disappointments over the size of gains compared with those achieved in 1959 will shake confidence from time to time with possible important repercussions in the stock market. We must also be wary of another business downturn or recession in 1961-62. In retrospect, 1960 will prove to be the higest year for general business yet recorded, despite a few more anxious moments than most businesses experienced in 1959. Let's describe the year as a period of peak prosperity peppered with politics.

Turns to Building Prospects

Now let's have a brief look at building prospects for the coming year.

Total building—one of the most important expansionary forces during the recent general business recession and recovery—is now beginning to level off.

New homebuilding once again has bumped against a "tight money" ceiling and can be expected to follow an irregular, downward trend over the year ahead, chiefly because of reduced availability of mortgage funds. The outlook now is for new home construction to number no more than 1,200,000 units in 1960—and it could go somewhat lower — compared with the higher-than-expected 1,350,000 units in 1959.

New homebulding activity appears to fluctuate more and more in the opposite direction of general business. The basic causes are: (1) home investments tend to become less attractive to many lenders and investors whenever general business improves and interest rates advance, and (2) Federal housing regulations tend to be eased and more government funds to be made available, especially under business recession conditions, whenever new housing starts decline toward an annual rate of about one million units.

Housing regularly receives the largest share of new funds available in the capital markets in this country, but another forward surge in new homebuilding cannot get underway until current tight mortgage and building money market conditions ease.

Some relief to the current extremely tight mortgage situation may well come as early as March 1960, at which time expected heavy tax revenues will reduce the Federal Government's demands in the capital markets. Business needs for inventory rebuilding and new plant and equipment plus some further consumer credit expansion, however, promise to limit added money for building purposes during much, if not all, of 1960. Experience suggests that the most likely prospects for a general easing in mortgage market conditions will be timed to coincide with the next downturn in general business, as now indicated in 1961-62.

The outlook for repair and modernization activity is for further moderate growth over the next 12 months. The "fixup" market continues to be very "big business" and fortunately is much less affected by tight money conditions than new construction.

There are some scattered signs, however, that the growth rate in the home fixup field is slackening, especially among the do-it-yourself enthusiasts. One of the principal reasons for this reduced expansion pace is the rising desire among many families, especially with teenagers, to find entirely new living quarters. Also many important postwar "catching up" projects have been completed. Rising incomes are now increasing home owner interest in having professional installations of new building materials. "Do-it-yourself" is still a powerful market force and will remain so for the indefinite future but "do-it-for-me" services are reporting new vigorous growth.

Brightest Prospects

Some of the brightest prospects for construction during 1960 are to be found in the non-residential field. Commercial building is quite strong and continuing to expand as new office structures, stores, and recreational projects are being authorized on a wide front. At least a small boom in new industrial building now seems to be getting underway.

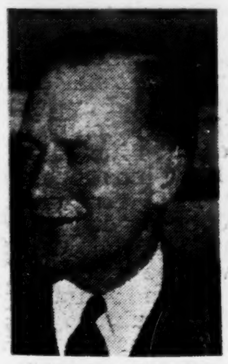
The rise in the construction of religious buildings seems almost certain to persist. Public and allied institutional buildings have held at a fairly steady level in recent months and no important change are on the horizon. The effect of local voter objections to rising taxes is reflected in the high but no longer expanding volume of new educational structures in many sections of the country. The over-riding of the presidential veto of the public works bill earlier in 1959 foreshadows some increase in heavy engineering construction in contrast to the slackening trend which has been evident during the past year.

In summary, in the year 1960, the homebuilding industry generally and all of us concerned with the manufacture and sale of resilient floors will be put to another test of ingenuity. We'll get less help from the advance of general business than during the past 12 months, and total building, at best will be unchanged with marked weakness in new housing.

*An address by Dr. Hoadley before the 38th annual convention of Wholesale Distributors of the Armstrong Cork Company.

Scott, Stringfellow Announce Partners

RICHMOND, Va.—Scott & Stringfellow, Mutual Building, members of the New York and Richmond Stock Exchanges, have announced that Walter S. Robertson on Jan. 1 will return to active partnership after having served his country as Assistant Secretary of State for Far Eastern Affairs since April 8, 1953. Sidney Buford Scott becomes a general partner in the firm as of the same date.



Walter S. Robertson

N. Y. Inv. Ass'n Names Officers

James F. Burns, III, of Blyth & Co., Inc., has been elected President of the Investment Association of New York, to succeed Worthington Mayo-Smith, of Blair & Co. Incorporated. The Investment Association of New York is an organization of young men in the investment banking and brokerage business.

James F. Burns, III

Frederick S. Wonham, of G. H. Walker & Co., was elected Vice-President of the group; Arthur B. Treman, Jr., of Dillon Read & Co., Inc., was named Secretary, and John E. Friday, Jr., of Morgan Stanley & Co., Treasurer.

Elected as Executive Committee Chairmen were Herbert W. Marache, Jr., of Granbery, Marache & Co., the member education committee; Ralph D. DeNunzio, of Kidder, Peabody & Co., the public education committee; Richard E. Boesel, Jr., of Kuhn, Loeb & Co., the entertainment committee; Vincent C. Banker, of R. W. Pressprich & Co., membership committee; Winthrop Knowlton, of White, Weld & Co., program committee, and Donald B. Tansill, Jr., of Eastman Dillon, Union Securities & Co., publications and publicity committee.

The nominating committee of the Investment Association consisted of William G. Gallagher, Vance, Sanders & Co., Inc., Chairman; Maitland T. Ijams, W. C. Langley & Co.; J. William Middendorf, Wood, Struthers & Co.; H. Lawrence Parker, Morgan Stanley & Co.; Peter Van N. Philip, W. H. Morton & Co., Inc.; Worthington Mayo-Smith, Blair & Co., Incorporated (ex-officio); Peter R. Gimbel, White, Weld & Co. (alternate), William S. Goedecke, Smith, Barney & Co. (alternate); Tod Goodwin, White, Weld & Co. (alternate); and Robert G. Strachan, Morgan Stanley & Co. (alternate).

Form Thornton Co.

(Special to The Financial Chronicle)

PASADENA, Calif.—B. E. Thornton Company has been formed with offices at 16 North Marengo to continue the investment business of the Republic Securities Company. Officers are Bruce E. Thornton, President; Jack W. Guernsey, Vice-President; and William Sweek, Secretary-Treasurer. Mr. Thornton was Proprietor of Republic Securities.

MUTUAL FUNDS

BY ROBERT E. RICH

What They Are Saying

A. Moyer Kulp, Vice-President and Chairman of the investment committee of **Wellington Management Company** and affiliate, advisors of **Wellington Fund** and **Wellington Equity Fund:** "America's national production, industrial activity and corporate profits should reach all time peaks in 1960. Rising consumer spending, especially on durables such as automobiles and appliances, should spark the economy in its upward trend. . . . Spending by state and local governments should increase, although for the first time in many years there will be little rise in Federal Government spending."

* * *

Coleman W. Morton, President of **International Resources Fund, Inc.:** "We are confident that (1) the economic resurgence of the Western Europe nations is a soundly based prosperity which seems likely to continue with fewer interruptions and more rapid growth than has been the recent experience of the U. S. economy, and that (2) the twin forces of growing markets and lower production costs found in foreign industrialized areas will continue to attract corporate investment by U. S. industry and, on an increasing scale, private portfolio investment as well."

* * *

Chemical News, publication of **Chemical Shares of Group Securities, Inc.:** "It is estimated that by 1975 the total output of chemical and allied producers will have risen 185%. Some areas within the industry are expected to grow as much as 250%, others as little as 80%. Lending firm support to these projections of growth are the industry's own spending plans for research in the future. Chemical producers expect to spend as much as $752.4 million on research in 1962, compared with $607.2 million in 1958—a projected increase of 23% in four years! In 1959 the industry will have spent $111 million just on research **facilities.** . . . However, it is this very aspect of timely and surprising research developments which produces of itself an added element of romance—and **danger**—for the individual companies and the people who invest in them. This is true because almost every new discovery in this fast-moving field will make some prior development obsolete."

* * *

Albert M. Sheldon, Jr., President of **Minnesota Fund, Inc.:** "This quarter again we have cut back or eliminated common stock in some of the more cyclical groups such as machinery, textiles, construction, steel and other metals. We have continued the buying pattern of recent quarters by increasing our holdings in less cyclical growth-oriented companies in such fields as entertainment, education, equipment leasing, plastics, insurance, consumer goods and electrical equipment."

The Funds Report

Investment Trust of Boston reports its net assets increased from $57,859,919, equal to $11.63 per share, to a record $62,181,858, equal to $11.57 per share, over the six months ended last Nov. 30. At the end of the period, there were 19,357 shareholders and 5,372,442 shares outstanding. The portfolio breakdown: 96.05% common stocks, 6.60% convertible bonds, 1.54% convertible preferred stocks and .63% cash and receivables. The percentages total 104.82% because of the addition of bank loans.

In the latest quarter, R. J. Reynolds Tobacco B was added to the portfolio. There were increased holdings of Aluminium, Armstrong Rubber, Florida Power & Light, General Telephone & Electronics, Pittsburgh Plate Glass, Polaroid, Sears, Roebuck, Sperry Rand, Standard Oil of California, Twentieth Century-Fox Film and F. W. Woolworth. Eliminated were United Air Lines and Boeing Airplane 4½% 1980. Decreased were holdings of Texaco and Niagara Mohawk Power 4⅝% 1972.

Largest single common stock commitments at the close of the period were (in order of size): American Telephone & Telegraph, Philips Lamp, U. S. Steel, Eastman Kodak, Sheraton Corp. of America, General Motors and E. I. duPont de Nemours.

* * *

Distributors Group, Inc., sponsor of **Group Securities, Inc.**, is circulating a pamphlet entitled Required Reading for Parents, which warns of the increasingly high cost of a college education and suggests that the fund's periodic investment plan holds the answer.

Television Shares Management Corporation, investment manager and principal underwriter for the more than $300 million **Television-Electronics Fund, Inc.**, discloses net income of $702,297 for the fiscal year ended last October 31. This was a record figure and more than double the net income for fiscal 1958. It amounted to 66 cents per share, compared with 28 cents the previous year.

For the fiscal year as a whole, gross revenues increased by 58.8% to $2,714,566, operating expenses rose just 21% to $1,283,-769 and net income before taxes gained by 142% to $1,430,797.

* * *

The 20 district representatives of **Wellington Distributors, Inc.**, wholesaling organization for **Wellington Fund** and **Wellington Equity Fund** shares, recently concluded their annual convention in Philadelphia. The four-day program included reports by officers and personnel, a review of the economic outlook, management achievements during 1959, industry developments and sales plans for the coming year.

* * *

Net assets of **International Resources Fund, Inc.** declined from $18,828,728 to $18,315,576 during the fiscal year ended last Nov. 30, but net asset value per share increased from $4.09 to $4.86 over the same period. The number of shares decreased from 4,602,398 to 3,765,051. A 6 cents per share capital gains distribution was paid in December.

In the latest quarter, new positions were taken in British Aluminium Co., Ltd., British Oxygen Co., Ltd., Koninklijke Nederlandsche Hoogovens en Staalfabrieken N. V., Unilever, Ltd., Superior Oil Co. and American Metal Climax. Holdings were increased in Farbenfabriken Bayer A. G., Unilever N. V., Imperial Chemical Industries, Ltd., Mississippi River Fuel, Lucky Mc Uranium Corp., American Potash & Chemical and International Mining Corp.

Largest common stock holdings, in order, are McLouth Steel, Farbenfabriken Bayer, Sabre-Pinon Corp., Loral Electronics and Ford Motor Co., Ltd.

* * *

R. H. Cardine, former dealer relations officer of **Mutual Funds Management Corporation**, Vancouver, Canada, has been appointed Canadian field representative for **Television Shares Management Corporation**, investment manager and principal underwriter for **Television-Electronics Fund, Inc.**

* * *

Affiliated Fund, Inc., reporting for the fiscal year ended last Oct. 31, its 25th anniversary year, disclosed net assets of $575,518,119 compared with $477,785,334 one year earlier. Net assets per share gained by 13%, from $6.94 to $7.56, after adjusting the earlier figure for the distribution of net realized security profits. Shares increased by 7,263,147 to 76,079,-729 and shareholders by 13,805 to 158,036 during the year.

Major investments by industries: banking, 9.74%; electric light and power, 8.94%; chemical and drug, 7.69%; oil, 6.63%; tobacco, 5.63%, and store, 5.56%. Common stocks accounted for 87.39% of assets, with short-term U. S. Treasury notes, cash and receivables comprising the remainder.

Added to the portfolio were Aluminium, American Cement, Ashland Oil & Refining, Bank of America National Trust Savings Association, Beneficial Finance Champion Spark Plug, First National City Bank of New York Hanover Bank (New York), Walter E. Heller, International Nickel, McCall Corp., McGraw-Edison, National Lead, Neptune Meter, Noranda Mines, St. Joseph Lead, Sunray Mid-Continent Oil, and Thatcher Glass.

Eliminated were Bristol-Myers Columbia Gas System, Corn Products, Delaware Power & Light General Mills, H. L. Green, Motorola, Oklahoma Natural Gas, Pet Milk, Public Service Company of Colorado, Southern National Gas, Sterling Drug, J. P. Stevens and United Gas.

Tomes, Welsh & Whaley

On Jan. 1 Frederick C. Whaley will become a partner in Tomes & Welsh, 120 Broadway, New York City, members of the New York Stock Exchange, and the firm name will be changed to Tomes, Welsh & Whaley. Mr. Whaley has been a partner in F. C. Whaley & Co., which is being dissolved as of Dec. 31.

Continental Securities

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Continental Securities, Inc. has been formed with offices in the Northwestern Bank Building to engage in a securities business.

William M. Pope Appointments

SYRACUSE, N. Y. — William N. Pope, Inc., 215 East Genesee St., takes pleasure in announcing that Charles T. Heaton has been elected Executive Vice-President and appointed Manager of the Mutual Fund Department; and that Albert E. Pope is Assistant to the President. Other appointments are as follows: Marvin C. Pellenz and Philip H. Becker as Account Analysts.

They further announce the association of Aubrey W. Tambs of Canastota, and A. William Schulte of Interlaken, N. Y., as Registered Representatives.

Mr. Heaton has been with the Pope Company for 28 years and has also served as company Treasurer and Director. Mr. Albert Pope has had 15 years of experience in the financial field, first becoming associated with William N. Pope, Inc. in 1936. Mr. Pellenz has been an Associate for the past 12 years, and Mr. Becker for five years.

Hooker & Fay to Be Corporation

SAN FRANCISCO, Calif.—As of Dec. 31, the partnership of Hooker & Fay, 221 Montgomery Street, is being dissolved, and a new corporation is being formed effective Jan. 1. Officers of the firm, which holds membership in the New York and Pacific Coast Stock Exchanges will be:

Charles W. Fay, President; John Raggio, H. Hodge Davidson, and John T. Raggio, Vice-Presidents; Harold J. Samson, Vice-President and Treasurer; Ernest Stent, Secretary; Henry D. Babcock, John Redington, Daniel W. Sisson, and Albert E. Kogler, Assistant Vice-Presidents; Nada D. Pierce, Assistant Secretary; and N. Arden Danekas, Assistant Treasurer.

Coast Exchange Member

Election of B. James Lieberman of Stern, Frank, Meyer & Fox, Los Angeles, Calif., to membership in Pacific Coast Stock Exchange, Los Angeles Division, effective Dec. 28, 1959, has been announced by William H. Jones, Board Chairman of the Division.

Mr. Lieberman entered the securities business in 1955 when he became associated with Stern, Frank, Meyer and Fox, and since 1957 he has been the firm's Floor Representative. As a member of the Exchange he is to be the Specialist for the newly created Specialist Post No. 15 which is to commence operations on the Floor of the Exchange at the opening of business Jan. 4, 1960.

With Brown Bros.

CHICAGO, Ill.—Brown Brothers Harriman & Co. has announced that James C. Bard joins the staff of its Chicago office 135 South La Salle Street, as of Jan. 1, 1960 as an Account Manager. For the past six years, Mr. Bard has been associated with Miami Corporation in Chicago as a security analyst in the investment department.

A Utility Company Looks Ahead at Future Heat

By Robert P. Briggs,* Executive Vice-President, Consumers Power Co., Jackson, Mich.

The status and prospects for atomic generation and natural gas are analyzed by Mr. Briggs. The electric utility executive enunciates several reasons why America in general and power plants in particular should build nuclear power plants and why research and development of nuclear energy for the production of electricity is a job for private industry. As for natural gas, after indicating the growing need for it, the utility officer shows why current regulatory uncertainty is plaguing future discoveries and present growth. The writer submits that the price of gas, no more than coal or oil, should not be regulated at the wellhead but should be subjected to the same competitive pricing forces as in the case of coal or oil.

Last summer I arrived at La-Guardia Airport in New York in the early evening and encountered the greatest traffic snarl that I had ever seen. The basic cause was an electric power failure in 500 square blocks of our largest city. Elevators were suspended between floors, subway trains were not operating, and automobiles were only creeping. The paralysis was complete in the 500 square block area and showed the dependence of modern society upon power.

Robert P. Briggs

Both electricity and gas are essential to modern living. They provide the power for servicing our great cities and the power for operating our industries which, of course, are basic to the American economy. We are concerned today with some of the problems which face the electric and natural gas utilities. First, let us consider the electric industry.

For many years the demands for electric power in this country have doubled each 10 years.

The United States at present uses approximately half-a-million tons of coal a day for production of electricity. Now suppose we double our use of electricity in 10 years and bring the coal figure up to a million tons a day. Then suppose we double the use of electricity again in the next 10 years, making the daily use of coal two million tons. Suppose we go on repeating this process for the next 100 years. Remember, I'm not predicting that this will happen—just dreaming a little.

Would you like to know how much coal we would be using for electric production in the year 2059? The answer is 512 million tons per day.

This line of speculation—I'll admit it's rather fantastic—leads to two conclusions: (1) the coal business faces a bright future, and (2) the electric industry had better find an alternative source of heat. This is what it is attempting to do through the building and operation of nuclear electric plants.

Many people have wondered if electricity might be produced more cheaply by means of nuclear energy. Right now it is much cheaper to use coal. This may change; in fact, we believe that it will change. We are proceeding on the assumption that sometime within the next few years electricity produced by means of nuclear energy will become competitive with electricity produced in today's conventional way.

In the Northern Michigan area, far removed from coal supplies, coal cost, including freight, is high. Nuclear fuel holds greater promise of becoming economically feasible in such a location than in many other parts of the United States.

Frankly, it seems unlikely that nuclear energy will ever bring about any substantial reduction in the cost of producing electricity, since it is simply another source of heat which may be used instead of coal, gas, or oil. In the United States, the cost of heat used in the production of electricity represents only about 16% of the total cost of producing and distributing electricity, so you can see that even if nuclear heat cost nothing at all, the saving would be limited. Of course, a saving of 5% or even 1% would be most welcome. It would be an offset to some of the cost increases with which electric companies have been faced in recent years, including those in the field of labor, taxes and interest.

The Big Point to Consider

The big point with regard to nuclear power in the electric industry, however, is that it offers an alternative source of heat in a world that knows it will some day run out of coal and gas and oil unless something happens to change the present trend.

Now let's assume that someone waved a magic wand and changed all the world's electric plants into nuclear plants. How long could we operate on the present known supply of uranium and thorium? Not much over 100 years, according to the present calculations.

But we can't be too definite about these things. Back in 1882 it took 19 pounds of coal to produce a kilowatt-hour of electricity. Today it takes only about three-quarters of a pound of coal to produce a kilowatt-hour of electricity.

In other words, we get 25 times as much electricity out of a given quantity of coal as they got in 1882. We expect to make similar progress in the utilization of nuclear energy.

A single pound of uranium is equal in heat value to 1,300 tons of coal. A pound of atomic fuel will produce 2- or 3-million times as much electricity as a pound of coal will produce. Yet the known supply of atomic fuel is not sufficient to meet the world's needs for all time. Eventually — long after we have ceased to worry about it—the world may need still another source of energy.

Some day man may learn to produce energy as the sun does. the sum seems to be on fire, but it doesn't burn up. It has been radiating energy for more than 500-million years. This energy falls upon the earth at the rate of 5-million horsepower per square mile, and this was the source of all our energy from the beginning of time up to these 20th Century days, when man has learned how to release and control heat energy through nuclear fission, that is through the splitting of atoms.

The sum makes energy, the scientists tell us, by the process of nuclear fusion—the combining of atoms. This process depends not on anything so rare as uranium but on hydrogen which the sea provides in vast quantities.

Man has learned to make the hydrogen bomb, an example of nuclear fusion, and some day he may learn to control it as we are now controlling fission. Today we're talking about atomic energy in the electric industry, and we're dealing with nuclear fission.

Only five years have passed since Congres first permitted private industry to participate in the development of commercial atomic power. The utility industry, in cooperation with the Atomic Energy Commission, is moving ahead to find the best types of atomic reactors for safe and economic generation of electric power. Reactors of many different concepts are being studied and built. Not until these are operated and tested will the industry be able to make an analysis to determine which reactors are the most suitable.

R & D Is Private Industry's Job

Research and development of nuclear energy for the production of electricity is a job for private industry. The industry has accepted the responsibility as shown by the fact that 131 electric power companies are pooling their resources in order to bring the benefits of nuclear power to the American people. They are cooperating through 11 major research, development, and study projects undertaking a study of 10 different reactor designs.

The research and study on nuclear reactor design has already resulted in the construction of three nuclear plants which have been in operation since 1957, only three years after private industry was permitted to use atomic energy.

Consumers Power Company decided to build a nuclear plant for several reasons of importance not only to the company but also to the people of Michigan and the United States. America must not be left behind in the field of nuclear energy. We must show the way to the rest of the world. We must keep up with or ahead of other nations: first, in order to maintain our national defense; second, to preserve the free enterprise system against socialism and communism; third, to maintain prestige of the United States throughout the world. But most important of all, it is just good business for Consumers Power Company to do this job, at this time, in this location.

The plant located at Big Rock Point, north of Charlevoix, Mich., will utilize a boiling water reactor. A boiling water reactor went into operation at the Argonne National Laboratory, Chicago, in 1956, and since then several others have been built in the United States. All of them have advanced our knowledge of this type of reactor. Much research and development work remains to be done, and we are undertaking to accomplish some of it in our nuclear plant. Recall the early automobiles and airplanes and then consider the 1960 model developments, you will see quickly the magnificent results of research and development in these fields. We hope to attain comparable results in regard to nuclear power plants.

In a boiling water reactor, water is circulated through the fuel element. It picks up heat energy, which causes the water to boil, creating steam. The steam then spins the blades of a turbine, developing electricity in the attached conventional generator. At Big Rock Point the fuel will be both sircaloy-clad and stainless steel-clad uranium oxide pellets, slightly enriched.

This will be a high specific power reactor, which means that the kilowatt-hour output will be relatively high in proportion to the amount of fuel used.

It will also be a high power density reactor. The phrase "high power density" refers to electric kilowatt output per cubic foot of core dimension. Since the cost of an atomic electric plant is much greater than that of a conventional plant, the achievement of high power density is one way to hold down capital investment, which is one of the big problems with regard to nuclear power plants.

The guaranteed rated capacity of this plant will be 50,000 kilowatts; but in connection with the building and operation of this plant, Consumers Power Company and General Electric will conduct an extensive research and development program on reactor core and fuel design. The goal will be to increase the plant's capacity to 75,000 kilowatts, an increase of 50%, through refinements and technical developments during a period of four and one-half years after the plant goes into operation.

I think I need scarcely add that this will be a completely safe plant, embodying every safeguard that industry experience plus human ingenuity have developed.

The total cost of this project, including the conventional turbine-generator, the expense of fuel element fabrication, and fuel research, is estimated at $30 million, of which the plant cost is about $25 million. This is about $10 million more than the estimated cost of conventional facilities of like generating capacity. The Michigan Public Service Commission has approved an accounting plan under which this differential will be written off as research and developmental cost over a period of about 10 years.

We now are preparing to ask the Atomic Energy Commission for a construction license. If we obtain it, as we expect we shall, ground at Big Rock Point probably will be broken next spring with the Bechtel Corporation as the prime contractor. Construction will require about three years.

Natural Gas

Now, turning to the natural gas business, we find that the national demand for natural gas is about 12-trillion cubic feet per year, with demand estimated to grow to 17-trillion cubic feet per year by 1965, and 35-trillion cubic feet per year by year 2000. Proven natural gas reserves are now approximately 254-trillion cubic feet. At the rate of current demand reserves are equal to a 20-year supply. So far, yearly new discoveries have kept up with the expanded requirements.

However, future discoveries are in jeopardy. Regulatory uncertainties have retarded recent growth. The Federal Power Commission long held that the production and gathering of natural gas was subject to Federal regulation only to the extent that a pipeline company directly controlled the production and gathering of gas it transported in interstate commerce. In 1954, as you know, the U. S. Supreme Court held in the Phillip's Petroleum Company case that all production and gathering of natural gas destined for interstate movement was subject to Federal regulation, regardless to whether the producers were affiliated with the pipelines or not.

Just how to place a fair field price on gas is a problem which has not been solved. The Supreme Court handed to the FPC a wide and complicated jurisdictional problem which the FPC had not sought. At the end of 1957, there were about 700 producer-rate cases before the FPC; early in 1959, the number had grown to more than 2,000 with new filings coming in at the rate of about 200 a month. Only a handful of cases have been disposed by the FPC. Some solution must be found if producer regulation is ever to become workable.

There is fear in the industry that bringing the natural gas producers under regulation by the FPC will discourage future exploration and development of the natural gas fields. The price, which producers receive, must be high enough to encourage the assumption of the risks involved.

We believe that gas, a major source of power, should not be regulated at the wellhead. The price of coal is not regulated at the mine; the price of fuel oil is not regulated at the refinery. Competitive forces should be permitted to set the prices of these three fuels.

* * *

We are concerned about gas pipeline companies being about to collect higher prices under bond. This creates serious problems for distribution companies such as Consumers Power. Millions of extra dollars are being paid every year by the distribution companies in the form of pipeline rate increases, which have not been approved by the FPC. In the event that the FPC does not permit the full amount of the rate increase, refunds will be made to the distributors. These refunds may, or may not be, subject to refund to the distributor's customers, depending on the rulings by the regulatory commissions. I am sure many will agree that this is a confusing and frustrating situation.

Consumers Power Company, during the 12 month period ended Sept. 30, 1959, earned $3.58 per share on the average number of shares outstanding during the period. Earnings reflect a part of the $6,788,000 increase in electric rates as authorized by the Michigan Public Service Commission in May 1959.

The company has spent about $422 million in the past five years on the expansion and improvement of its electric and gas facilities in order to meet the needs of its customers in the dynamic Outstate Michigan area. During the five year period, 1959-1963, we expect expenditures for expansion and improvement to be even larger. We think they will total about $575 million. This statement, I believe, illustrates our confidence in the future of the electric industry, the gas industry, and our Outstate Michigan service area.

***An address by Mr Briggs before the Investment Forum on Utilities, of the Mid-Continent Conference sponsored by the Trust Division of the American Bankers Association, Detroit, Mich.**

Form Investment Co.

NEW ORLEANS, La. — First America, Incorporated has been formed with offices in the Carondelet Building to engage in a securities business. Officers are John R. Tusson, President; Howard W. Lenfant, Vice-President; and Odie B. Trotter, Secretary and Treasurer.

Theodore Arrin Co.

Theodore Arrin & Co., Inc. is now conducting its investment business from offices at 82 Beaver Street, New York City.

Now With McDonnell

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Thomas R. Behrens and William A. Crump have become associated with McDonnell & Co. Incorporated, Russ Building. Mr. Behrens was formerly with A. G. Becker & Co. in San Francisco and Chicago.

Estate Securities Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—George R. Bieberdorf has become affiliated with Estate Securities Corp., 1600 Ogden Street.

Joins L. A. Huey

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Jack H. Russell has joined the staff of L. A. Huey Co., First National Bank Building.

New Steichen Branch

ELLENDALE, Minn.—R. J. Steichen & Company has opened a branch office here (c/o Lageson & Dahl Co.) under the direction of Milford J. Lageson.

What About Municipals Selling Below Par?

Municipals at a discount whose current income after capital gains taxes on appreciation can be brought up to and above yields from par or better municipals is the subject discussed by two Dallas, Texas, bankers. The discussion covers techniques in using municipals for tax gains or loss years as well as advantages they have when yields decline.

[*Ed. Note: The following discussion appeared in the December "Bond Letter" of the First National Bank in Dallas, Texas, and was written by the Bank's Associate Economist, Dr. Bill Zentz, under the direction of Maurice M. Hatcher, Vice-President.*]

Because of the record and near-record highs in interest rates at the present time, a large number of municipals are selling at prices well below par. In addition, new issues often have some maturities priced for sale at a discount. In certain situations, these discount bonds offer very favorable investment opportunities. We hope that this discussion of some of these situations will be of value to many readers.

M. M. Hatcher

Municipals selling well below par seem to be less popular with investors than those selling at or above par for two reasons. First, the assured appreciation to maturity gives rise to a taxable capital gain, and municipals are ordinarily bought because of their tax-free status. Second, bonds sell at discounts because of comparatively low coupon rates, which means that current income is lower than can be obtained on par or premium bonds. For these reasons, deep discount municipals sell on a substantially better yield-to-maturity basis than those selling at or above par. Even after adjustment for the capital gains tax the yield is quite a bit better.

For example, one state's 3.30% coupon, 10-year maturity is currently offered on a 3.10% basis. The same state's 1.50% coupon, with the same 10-year maturity, is offered on a 4.10% basis. Now, to be comparable, this latter yield must be adjusted to the yield net of the capital gains tax at maturity on the discount. The tax is assumed to be at the maximum rate: 25%. Adjusting for this is a simple matter; one simply looks it up in a net yield table. Thus the 4.10% basis is equivalent to a 3.59% yield-to-maturity on an after-tax basis.

This differential is not unusual. Another state's eight-year, 3.50% coupon bonds are selling to yield 3.15, while the same maturity with a 2% coupon is selling on a 4.00 basis, which adjusts to 3.60% after tax. And Dallas city's nine-year maturity 3½s are quoted on a 3.35 basis, while its nine-year 2s are selling on a 4.0 basis, to yield 3.61% after tax.

It can be seen that even after taking account of the tax on the capital gain, yields to maturity of deep discounts are quite a bit better. Short maturities offer from 10-20 basis points more; longer maturities offer at least 25 basis points premium—¼%. As can be seen from the above examples, this is the minimum premium to be expected currently on long bonds in the bank range.

As we said, the reason for this after-tax yield premium seems to be the low current income of these low coupon bonds. Surprisingly enough, by judiciously rolling-off maturities, current income can be brought up to and above yields from par or better municipals. This is of considerable interest to commercial banks, as well as individuals, so we have worked up an example to illustrate the point.

It is assumed that 10 bonds are bought at par in each maturity from one to 10 years at current market rates, which are shown as coupon rates. (You might not find pars in each year, but premium bonds can be bought at these yields, of course.) Then it is assumed that as close as possible to $10,000 worth of 2% coupon bonds are bought in each maturity from one to 10 years at current yields which, after adjusting for the capital gains tax, give premiums of 15 basis points in years one and two, 20 basis points in year three, and 25 basis points in years four through 10. The basis price of each of these is shown. This is **not** adjusted for the tax, since this is the way discount bonds are quoted. You will note that these are right at the market. Then the annual income (coupon interest plus after-tax capital gains) is shown.

Note that annual current income from the deep discounts becomes larger during the fifth year and that the total over the 10-year period is $2,300 higher on the discounts than on the par bonds—13% more than the $17,750 received on the pars. And this, of course, is all tax-free. These results will continue on the same assumptions if the maturing principal is reinvested 10 years out.

Bankers may wonder whether this would give them any option on taking gain or loss years. The answer is simply to buy bonds which mature shortly after the first of the year. Then if that year is selected as a loss year, the maturing bonds can be sold just prior to the first of the year, with practically no change in the results of the table.

Life insurance companies, of course, do not pay capital gains at maturity. Instead, income tax laws require that they show accrual of discounts annually as additions to interest and annual amortization of premiums as deductions from the sum of the preceding two. Because of the complexity of the present life insurance income tax law, generalizations cannot be made, but many companies will find that their tax position allows them to obtain both the ¼%+ premium on discounts and a portion of the offset to the 25% capital gains tax, thus realizing a nice increase in net yield.

Persons building estates can benefit from deep discounts also. No capital gains taxes are paid by anyone on increases in value of assets up to the time of death. So if maturities of discounts are picked around the individual's actuarial life expectancy, the heirs, on the average, can receive a much larger after-tax estate than they would if par or premium municipals were in the estate. This is especially significant if the individual is not too concerned with current income to himself on the investments during his expected lifetime.

One further advantage should be mentioned. If yields decline, deep discount bonds will show greater gains in value than will pars or better, because one-fourth point (the capital gains offset) will be eliminated for every point of price increase; and in addition, the additional premium due to low yield will be eliminated.

For example, a 4%, 10-year municipal selling on a 3.40 basis would be priced at $1,050.50. If the interest rate declined to 2.75% in one year, the bond would go up in price to $1,099.10, a gain in value of $48.60 (4.86 points).

On the other hand, a 10-year, 2.75% coupon bond would be selling at $913.30 to equal the 3.40 basis. (15 basis points added for the tax; 25 basis points for the "bonus." And a 10-year, 2.75% coupon on a $3.80 basis is priced at 91.33.) With the interest rate going to 2.75% in one year, this bond would of course be worth par—an increase of $86.70!

The advantages are certainly worth looking into.

	—COUPON BONDS AT PAR—			—2% COUPON BONDS AT DISCOUNTS—				
Year	Cost (10 Bonds per Year)	%	Annual Income	Cost 10-12 Bonds per Year)	Basis	Yearly Coupon Income	Gain on Maturing Bonds Net of 25% Capital Gains Tax	Annual Income
1	$10,000	2.70	$3,105	$9,888*	3.15	$2,200	$84	$2,284
2	10,000	2.80	2,835	9,760*	3.25	2,000	180	2,180
3	10,000	2.90	2,555	9,590*	3.45	1,800	308	2,108
4	10,000	3.00	2,265	10,350†	3.60	1,600	488	2,088
5	10,000	3.10	1,965	10,130†	3.75	1,380	653	2,033
6	10,000	3.20	1,655	9,919†	3.85	1,160	811	1,971
7	10,000	3.25	1,335	9,730†	3.90	940	953	1,893
8	10,000	3.30	1,010	10,409‡	3.95	720	1,193	1,913
9	10,000	3.35	680	10,201‡	4.00	430	1,349	1,829
10	10,000	3.45	345	9,994‡	4.05	240	1,505	1,745
	$100,000		$17,750	$99,971				$20,044

*10 bonds. †11 bonds. ‡12 bonds

Texas IBA Group Annual Meeting

DALLAS, Tex.—The Texas Group of the Investment Bankers Association of America will hold its 25th annual meeting at the Sheraton Dallas, April 10th, 11th and 12th.

B. F. Houston, Dallas Union Securities Co., Inc., is Chairman of the Texas Group.

Beneficial Investors

Beneficial Investors Corp. is engaging in a securities business from offices at 370 Seventh Avenue, New York City.

Form Controlled Leverage

MOORPARK, Calif. — Controlled Leverage Securities Management has been formed with offices at 393 McFadden Avenue to engage in a securities business. David H. Menashe is a principal of the firm.

Form Certified Planning

Certified Planning Corp. is conducting a securities business from offices at 550 Fifth Avenue, New York City. Officers are Gerald M. Lotenberg, President and Treasurer, and Samuel A. Colin, Vice-President and Secretary.

Liberty Investors Opens

Liberty Investors Corporation is conducting a securities business from offices at 48 West 48th Street, New York City. Officers are Herbert Marks, President, and Edith Greenberg, Secretary-Treasurer.

1960 Promises to Be A Good Year for Britain

By Paul Einzig

It has been quite some years since Britain was so well off and could look so confidently ahead to enjoying its prosperity and expanding its production with stable prices. That is Dr. Einzig's diagnosis and prognosis of his country's viability which, he finds, is reflected in the trust accorded sterling and in the underlying strength of the London Stock Exchange. He explains why there should be no discouraging speculative attacks on sterling so long as the Conservatives remain in power and hopes that concessions to labor will be offset by gains in productivity.

LONDON, England — It may be claimed without undue optimism that by and large Britain's prospects in the New Year are more favorable than they have been in any year since before the First World War. At the close of each year since the end of the Second World War there appeared to be something to cloud the horizon. If it was not the international politicial situation it was the presence or prospects of a Socialist Government. If it was not the non-stop inflation it was the threat to sterling or fear of unemployment. Between the two World Wars, too, the outlook at each year-end appeared to be gloomy—during the 'twenties because of chronic business depression and wholesale unemployment, during the 'thirties because of currency instability and the growing menace of Hitlerism.

No Major Threats on the Horizon

No such major threat appears to exist at the end of 1959. The international politicial situation still leaves much to be desired, but it has improved and no major crisis is expected during 1960. Even if the first summit meeting should produce no result there will be several more summit meetings to come, so that no war scare need be anticipated. For the first time during the last quarter of century it is possible to view the near future—that is, the next 12 months with which we are here concerned—with a fair degree of optimism as far as the international political situation is concerned.

Likewise, the domestic political situation in Britain justifies a higher degree of optimism than at any time since the end of the Second World War. The prospects of a Socialist Government even at the end of the present Parliament appear to be anything but favorable, so that the country has every chance to settle down to expanding its production and enjoying its prosperity instead of having to envisage class-war and anti-capitalist legislation. It is true, the trade unions continue to be a menace to prosperity. But then that is a permanent state of affairs. We have to accept it like we accept the increase in cancer, poliomyelitis and other diseases.

For the first time since the last war it is now possible to hope against hope that we might experience a year without inflation. Even after the stability of prices during the second half of 1958 very few people would have dared to forecast a year of stability at the end of 1958. Today, even though the cost of living index rose by one point in November, it seems possible that it would remain more or less unchanged throughout 1960. Indeed there are even people who are optimistic enough to envisage the possibility of a decline in the cost of living during the coming year. Even if their optimism seems to be tempting providence, it seems fairly reasonable to hope that the inflationary spiral will not resume its course in the near future. It is true, minor wage increases and cuts in working hours have been conceded. Their extent is relatively moderate and possibly their effect might be offset by increased productivity.

Sterling's Reliability

Above all, sterling's prospects now appear to be more assured than they appeared to be at the close of any previous year during the past quarter of century. We may safely disregard minor setbacks such as the one we witnessed early in December. Such ups and downs are inevitable, they mean very little. What matters is that sterling is now trusted in the leading financial centers. Until recently the renewal of a wave of distrust was an ever-present possibility. Even though it is still possible, the foreign exchange market does not expect it to happen during 1960. It is true, the British gold and dollar reserve is in itself not sufficiently large to be depended upon absolutely as a safeguard against another attack on sterling. But the improvement of the domestic economic situation has removed the necessity of a formidable reserve to inspire confidence. What matters is that the government can now be trusted to resort to drastic action if sterling should come once more under a cloud.

Sterling Speculators Suffered Losses

Indeed the increase of the Bank rate to 7% in September, 1959, has produced a psychological effect which is likely to deter for a long time potential speculation against sterling. Until then it was widely assumed at home and abroad that no Government, whether Socialists or Conservative, would dare to take deliberate action leading to an increase in unemployment. Now we all know better. So long as the Conservatives remain in office the possibility of a repetition of the action taken in 1957 will exist, and this alone should go a long way toward discouraging speculative attacks on sterling. In 1957 a great many people all over the world believed it to be to their interest to go short of sterling, or to cover or hedge against a devaluation, at a high cost. On the basis of the lessons of 1957 it is likely to take some time before those who suffered losses as a result of the recovery of sterling would like to repeat the experience. They will certainly not risk it during 1960.

Having regard to all that was said above, there seems to be much justification for the optimistic tone of the London Stock Exchange. After some doubt and hesitation early in December, the undertone has become once more very firm. This time the markets are sounder because many speculative positions have been closed. So 1960 promises to be a good year also in this sphere.

Dorian International Opens

[illegible]YN, N. Y.—Dorian International Inc. is engaging in a securities business from offices at 4131 Northern Boulevard.

With Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Albert C. Kort has joined the staff of Dempsey-Tegeler & Co., 17 East 10th Street.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

THE TRAVELERS INSURANCE COMPANY

Established as a leader in the field of "all line" underwriting, Travelers remains the largest and one of the fastest growing stock life and fire-casualty insurance companies in the industry. On a non-participating basis, all forms of life policies, except industrial, are written. The Accident Department carries the largest volume of casualty business in the United States. A complete line of fire and casualty coverage also is written through wholly-owned subsidiaries, Travelers Indemnity Co. and the Charter Oak Fire Insurance Company.

Largest Among Fire-Casualty Underwriters

The ability to offer many service functions attracts the better and larger fire and casualty agencies to Travelers. Another unique sales promotion factor is the writing of fire and casualty business through branch offices set up for sale of life insurance; nearly 20% of premiums are so produced. Travelers also is in the process of developing sizable income from a recently established monthly premium package plan whereby all premiums for fire, casualty and life coverage are combined and paid by policyholders on an instalment basis. By providing a single premium and billing it direct, expenses can be reduced markedly. In this way the lower income population market is just beginning to be tapped by Travelers.

A more recent pioneering step is an experimental "safe-driver" insurance plan in the four states of Iowa, Michigan, Minnesota and Nebraska. To realize freedom for establishing independent rates, the company withdrew in May, 199 from the National Bureau of Casualty Underwriters (Auto Bodily Injury and Property Damage) and the National Automobile Underwriters Assn. (Physical Damage). In summary the plan includes a

SELECTED CONSOLIDATED STATISTICS

Year—	Total Premiums Written	Per Share Book Value	Per Share *Consol. Earnings	Per Share Dividends	Per Share Price Range
1959----	---------	---	---	$1.25	103-80
1958----	$1,068,600,000	$49.92	$4.32	1.10	103-72
1957----	991,900,000	44.91	3.11	1.10	87-68
1956----	858,500,000	45.62	5.56	1.10	86-62
1955----	795,300,000	44.00	5.73	0.78	122-75
1954----	753,600,000	39.92	7.08	0.76	75-34
1953----	718,400,000	32.80	5.20	0.68	34-28

*Earnings for insurance companies can be calculated in various ways with varied results. Changes in earnings rather than actual dollar amounts often are more indicative of results.

30% rate reduction coupled with an upward scaled rate schedule for drivers with accident records. Travelers ranks among the top five auto insurance companies in the nation.

Since fire and casualty operations are showing signs of recovery, a healthy improvement in earnings for 1959 and 1960 is indicated. Traditionally, Travelers' fire and casualty business has produced one of the best profit margins in the industry. The company's five largest underwriting lines in order are Group Accident and Health; Auto Liability, Bodily Injury; Workmen's Compensation; Auto Liability, Property Damage; and Miscellaneous Liability, Bodily Injury.

Life Underwriting Performance

While about 77% of life insurance in force is group business, nearly 60% of life premiums received by the company comes from ordinary life policies. Most of the life business is conducted through branch sales offices, with less than one-third derived from agencies and brokers. Life reserves are established on the most conservative net level premium basis with a present 2½% interest assumption. Investment attraction is solidified by the leverage factor of a significant increase in interest earned (3.71% pre-tax in 1958) in proportion to interest assumed. For Travelers the mortality rate is very favorable and expenses are remarkably low. Although new group life insurance written dropped sharply in 1958, due to business unsettlement during the recession, this occurrence is considered temporary.

With investment income for Travelers normally a smaller proportion of total earnings than for most companies (due to the very large volume of business written in relation to capital) earnings fluctuate widely with the underwriting cycle. However, investment income is showing strong growth.

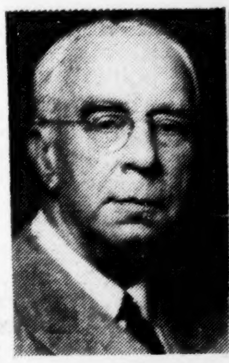
Travelers' excellent record of above-average growth is expected to continue. Life insurance accounted for some 27% of consolidated premiums written in 1958, health and accident 26%, other casualty lines 38%, and fire and allied lines 9%. Two-thirds of direct premiums written are in the 10 states of New York, California, Illinois, Massachusetts, Pennsylvania, Ohio, Texas, Connecticut, New Jersey and Michigan.

Due to higher taxes, life earnings in 1958 declined somewhat to $2.44 a share, from $2.60 in 1957, while consolidated earnings from the Accident Department and Indemnity Company increased sharply to $1.88 from $0.51 for 1957, for combined earnings of $4.32 a share compared with $3.11 in 1957. During 1959 the price action of the stock has occasionally been weak, due possibly to the general public assumption that recent imposition of higher taxes places life stocks in an adverse position. In the writer's judgment the tax legislation does not basically alter longer term growth factors. The effect on Travelers' earnings growth is expected to be minor.

The outlook for Travelers is considered excellent. Prospects are for higher earnings in all phases of operations, which are well-balanced and backed by a strong competitive position. The stock currently appears to be reasonably priced (88) relative to potential earning power of $6-$8.00 a share. The present regular annual dividend of $1.40 was recently increased from that of $1.20 a share instituted early in 1959. Underlying values steadily have accumulated. The stock provides investors with an investment for long term growth participation in the nation's largest multiple line insurance company. Of the 30 million authorized shares, 10 million currently are outstanding.

William St. Sales Elects Officers

Dorsey Richardson, President of The One William Street Fund, Inc. has been elected Chairman of the Board of William Street Sales,



Dorsey Richardson

Edward B. Burr

Inc., and Edward B. Burr has been elected President, it has been announced. Mr. Burr is also Executive Vice-President and a Director of The One William Street Fund, Inc.

Mr. Burr, who has been Executive Vice-President of the Sales Company since its inception, was executive director of the National Association of Investment Companies from 1956 through 1958. He had joined the staff of the Association in 1954 as director of public information after several years as director of the educational division of the Institute of Life Insurance.

Mr. Richardson, who has been President of The One William Street Fund and William Street Sales, Inc. since May, 1958, was formerly a director of Lehman Corporation and an associate of Lehman Brothers. His long career in the investment company field included Presidency of the Aurora Corporation, Vice-Presidency of the Lehman Corporation, and Presidency of the National Association of Investment Companies. Mr. Richardson will continue as President and a director of The One William Street Fund in addition to his William Street Sales Chairmanship.

Now Chartered Shares

The firm name of Chartered Knickerbocker Shares, Inc., 350 Fifth Avenue, New York City, has been changed to Chartered Shares, Inc.

Steichen Opens Branch

FARIBAULT, Minn.—R. J. Steichen & Company has opened a branch office at 530 Northwest Sixthj Street under the management of Harry W. Malluege.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Government market in 1959 was on the defensive and the yields which were available in these securities were again reminiscent of the high money era of the 1920s. The demand for funds to finance the huge Government deficit, the refunding operations of the Treasury, as well as the needs of business for money and credit, along with the restrictive policies of the Federal Reserve Board to fight the forces of inflation and to protect the international position of the dollar, brought rates for Government issues which were the highest seen since the 1930s.

The high yields which were available in Government obligations in 1959 met competition from the returns that were being obtained in corporate and tax-exempt issues. However, in spite of the income which was being procured on Treasury securities, this was still not as good as what was received in non-Federal issues.

Highest Yields in 30 Years

The main problem of the Treasury in 1959 was the financing of the largest peace-time deficit in our history, namely, $12.5 billion. In addition, there were maturities which had to be met and between the two of these operations, the near-term and intermediate-term obligations of the Government went to yields that had not been available in about 30 years. The financing of the new money needs, and the refunding of maturities, was confined almost exclusively to the less than five-year maturity range because it was and still is impossible to float a long-term Government bond (one with a due date of more than five full years) with an interest rate of not more than 4¼% unless sold at a sharp discount. Therefore, it was not unusual that the Treasury in 1959 in order to finance its normal needs had to put out 5%, 4⅞% and 4¾% obligations, all with a maturity of less than five years.

1960 Prospects

What the Treasury faced in 1959 as far as the cost of obtaining funds for new money or refunding ventures appears to be very much with them as they enter 1960, even though the size of the Government deficit in the coming fiscal year should be considerably less than that for the 1959 fiscal period. On the other hand, there will be a sizable amount of maturities which will have to be met in 1960 and this, along with the demand for money and credit for non-Federal business purposes, will mean that the cost of obtaining these funds is not going to decrease unless the monetary authorities are inclined to make more funds available to the member banks of the system.

Under existing conditions, it does not appear as though there will be any let-up in the pressure of the Federal Reserve Banks on the money markets and this leads to the conclusions which are being drawn by not a few money market specialists that the discount rate and the prime bank rate will move upward again before too many months of 1960 have passed.

Prices to Continue at Low Level

The big bone of contention now in the Government bond market is what is likely to happen to the 4¼% interest rate ceiling which applies to all obligations with a maturity of more than five years. It is evident that the Treasury cannot sell an issue with a due date of more than five years unless it is priced at a very sizable discount from 100. Supposedly, this could be done but it is not considered likely to happen since such a discount priced issue would seem to be defeating the spirit of the 4¼% interest rate law.

Because of the lack of interest among investors in long-Government bonds, these securities have been selling at all-time low levels and there appears to be very little on the horizon that will move them up in price (aside from a purely technical rally now and then) until some of the pressure is taken away from the money and capital markets.

4¼% Rate Ceiling to End

Because the short-term and middle-term sectors of the money market are being crowded by the only policy the Treasury can presently employ, it is believed in most quarters of the money market that a change will come in 1960 in the 4¼% interest rate ceiling for securities with a maturity of more than five years. With it most likely will come a 5% or even higher rate for a long-term Government bond.

Andrews Joins Mitchell & Co.

Charles E. Andrews, formerly with J. K. Rice, Jr. & Co., is now associated with Mitchell & Company, 120 Broadway, New York City, in their Trading Department.

Electronics Funding

Electronics Funding Corporation is conducting a securities business from offices at 90 Broad Street, New York City.

Saul Holstein Opens

YORKTOWN HEIGHTS, N. Y.—E. Holstein is engaging in a securities business from offices on Leland Drive.

Gerald Keith Opens

YONKERS, N. Y.—Gerald Keith has opened offices at 20 South Broadway, to engage in a securities business.

Larner Ringel Corp.

ALBANY, N. Y.—Larner Ringel Corp. is conducting a securities business from offices at 90 State Street.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Thomas C. Clark, Jr. has been added to the staff of Dean Witter & Co., 50 West Adams Street.

Two With First Maine

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine—David Gillman and Sidney Robert Goradon have become associated with First Maine Corporation, 84 Exchange Street.

With J. Clayton Flax

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass. — Guy A. Martone has become connected with J. Clayton Flax & Co., 1562 Main Street.

Joins Edling-Williams

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—LeRoy C. Linnebur has been added to the staff of Edling-Williams & Associates, Inc., 614 East Grant Street.

Investment Clubs' Role In the Economic Outlook

By George A. Nicholson, Jr.,* Chairman, National Association of Investment Clubs Board of Advisors, Head of Investment Research, Smith, Hague & Co., Detroit, Michigan

Founder of national investment club association discusses two groups of problems impinging upon the generally assumed optimistic promise of the 1960s, and the national and international goals of his organization. Because of the growing interest abroad in educating individuals to become investors, Mr. Nicholson recommends that a world-wide convention be held during 1960 in England or on the Continent. In reviewing the Russian challenge, the market analyst sees it as a catalyst stepping up the economic progress of the free world.

The decade of the 1960s undoubtedly will be the greatest in the history of the world from an economic standpoint. Technology is on the march. Populations are increasing all over the world. More important, there is a restless spirit to raise living standards on every continent.

C. A. Nicholson, Jr.

Mass production, as we know it in the United States, is spreading abroad. Lest we forget, mass production is more than automation. It involves advertising to mobilize demand, installment financing to make larger purchases possible, and an economic system to even out the "ups" and "downs" of business, so that financial chaos will not ruin families seeking better living standards.

Is there any doubt that the 1960s will witness the greatest expenditure of labor, the highest consumption of raw materials, and the most stupendous accumulation of capital of any era in world history?

There Are Problems

In taking such an optimistic view of the future it would seem that there are no clouds in the sky. This, of course, is not the situation. There are many challenging problems that nations must solve. There are still other problems that must be solved, if the United States is to maintain its share in world progress.

For sake of discussion, let us look at these problems under two headings. The first group of problems concern the economic situation within the free world. The second group concerns the Russian challenge to the free world in the economic field.

During the 1950s the United States assisted world recovery with large exports of capital and technical assistance. The United States encouraged the formation of the European Common Market. Now, we are finding that European industrial competence is beginning to match our own. We have assisted Japan. Their competence in certain fields is equal to or better than ours. As a result, competition is becoming intense. The difference in wage rates between the United States and Europe poses a problem requiring adjustment. At the same time, the lower Japanese wage rates add to the competition.

How can the free world nations adjust their economies to the differential in wages? Eventually wages should become more even, but in the meantime, many troubles can develop. The best solutions from the standpoint of the United States seems to be in the direction of employing capital wisely—for automation equipment and lower cost distribution. Another solution is the employment of capital abroad in order to speed the development of industry and the raising of living standards and wages in the competing countries.

The progress of automation will be important during the 1960s. On the one hand it is necessary in meeting foreign competition; on the other, automation presents challenges to full employment at home that must be resolved, if free enterprise is to survive against the Russian challenge to our economic and political system.

What is the Russian challenge? The Russian challenge is essentially the application of technological power to economic and political warfare. Politics is the power center in Russia and economic forces result therefrom. It is quite possible for Russia to control the economic level of her population by political means. She can accordingly price goods to be as disruptive as possible in world markets. By dividing the products of her economic system on a political basis so that all share therein, Russia secures a political advantage in that she gains militant supporters among the people of free nations, who for various reasons do not attain a satisfactory standard of living.

What would happen if the economic program of the free world were turned over to General Motors, or a group of large worldwide corporations, with instructions to produce the highest rate of growth possible? The political parties in power, it may be assumed, would see that General Motors or a group of companies received the necessary cooperation on the part of the people. There is little doubt that growth rate of free world nations would step up tremendously for a considerable time. Eventually there would be a period of reckoning. The important point is that Russia has centered economic decisions in its most competent industrialists, and backed them to the hilt politically. We in the free world have not. We are better off in the long run, but not over a shorter period.

The Russian challenge can succeed, if the free world fails to establish cooperation among its nations and more particularly among its peoples. The Russian challenge at the same time, if we cooperate, can be the competitive catalyst necessary to step up economic progress in the free world.

The Role of the Investment Club

It was at about this time in 1949 that I decided it was desirable to establish a National Association of Investment Clubs. The reasons for the decision centered about the need for a widely held concept of the New American Capitalism that was developing. The New American Capitalism would eventually meet Russian competition head on. It would teach cooperation and understanding in the fields of economics and investment, so that totalitarian economics would be less effective.

There were certain problems apparent at that time. One was the ownership of industry. If only a few owned industry, the target of the Russian challenge, and were there unemployment, it would drive such a nation to Socialism. Another problem was the supply of capital for expansion. With high taxation on personal incomes, the power of the rich to supply capital was becoming more and more limited. The only solution was to mobilize capital from a much larger segment of the population.

The mutual fund was a starting point because it gathered the investments of many people and placed them under professional management.

I wrote a piece entitled, "Mutual Funds, a New Force in American Life" in 1946. The purpose was to point out the economic, political, and social significance of broadening the ownership of industry. In 1949 I wrote another piece entitled, "Mutual Funds and the New American Capitalism" which sketched the general way in which the American Revolution was spreading out from a world-shaking political concept into an equally powerful force in economics, embracing widespread ownership of industry.

In starting the investment club movement, one objective was to provide investment education. Such education encompassed not only successful investing, but also the need for informed cooperation in meeting world-wide economic and political problems.

Why the need for economic understanding and cooperation between peoples and nations?

The Russian society is organized on the basis of politics first and economics second. Free world society is based on religion first. Out of it comes political systems. Out of political systems come economics and organization of industry.

The Russian system relies on force. Our system relies on cooperation. Our unity develops its greatest strength under conditions of war. The nations of the free world are less effective in cooperating for Cold War progress.

Even so, the decade of the 1950s saw tremendous strides in the development of the New American Capitalism at home. It has begun to spread abroad. The mutual funds have developed tremendously and are now $15 billion in size. The big break came, however, in the development of private pension funds. Today there is $33 billion in private pension funds. Probably $10 billion of this amount is invested in common stocks. It is a safe bet that every union employee in a company with pension funds has an ownership of $500 or more in common stocks. This will be added to yearly and dividends will accumulate during his working years. At his retirement, he will derive all of his income from his stake in American industry. The more industry earns, the more pleasant and secure will be his retirement.

There is little doubt that widespread ownership of industry is being achieved in the United States. The investment club movement had more than done its part in the field of investment education.

The National Association of Investment Clubs can safely claim that 300,000 people have received investment education to varying degrees because of its program and efforts. Of this number, at least 100,000 have come in direct contact with our association and our methods.

While we can be proud of this record, we can be even more pleased with the manner in which it has been achieved. The National Association of Investment Clubs has pioneered the "learn by doing" method of investment education. It has depended 99% on the willingness of people to pool their knowledge and help others understand investing.

Financial analysts, industrialists, and the personnel of the nation's stock exchanges from top to bottom have given their time to help the programs of the National Association of Investment Clubs.

Investment Club Goals

During the past year the National Association of Investment Clubs has achieved recognized standing in the field of investment education. Because of National Association of Investment Club's experience over the past eight years, it has been possible to formulate certain national and international goals.

The first of these is to provide investment club training for millions of Americans, for wise investment is the life blood of progressive capitalism. The second is to assist thousands of Americans to acquire $10,000 in stocks, for personal security engenders self-reliance. And the third goal is to help the self-reliant peoples of other nations to learn investing, for private ownership of local and world-wide businesses is the path to higher living standards and lasting peace.

As I mentioned earlier, we have provided directly a degree of investment education for more than 100,000 Americans in the eight years of our existence. We have reached another 200,000 indirectly. We have seen some individuals acquire more than $10,000 in stocks in less than a 20 year period by investing no more than $10 a month. We have seen many investment club people start their own businesses using their investment club savings as all or part of their capital.

It is a reasonable bet that nearly every member of investment club No. 1 in the National Association of Investment Clubs will utilize trust company services for the future care of their family. I have been very pleased to see the transformation from school boys to well-to-do individuals take place through the investment club movement, in the case of this club. The same opportunity is open to all of ages 21 to 25 who have the foresight to save and invest.

Last year my recommendation was that we seek financial support for a moving picture to tell the investment club story to new people. Two corporations were interested in the project and might have financed the movie, had it not been possible for the Association to undertake the project on its own. Because the Association has grown almost entirely from its own resources, it was thoughts best to do it ourselves rather than seek outside help.

With the increasing development of industry throughout the world, there has been great interest in developing a capitalism similar to our New American Capitalism on a world basis. The literature of the NAIC has been studied abroad in nations where widespread ownership of industrial stocks is regarded as desirable. It is safe to say that there are many countries where the investment club movement has taken root. Mass-producing capable investors as well as tapping the vast resources of middle income groups is essential to rapid economic progress in the free nations.

My principal recommendation this year is that a world-wide convention be held during 1960 in England, or on the Continent, if that seems more feasible. Like our first convention, it would probably be attended by less than 50 people. However, the groundwork could then be laid for the effective development of investment clubs on a world-wide basis.

I am hopeful that many will see the importance of the investment club movement and its aims to educate people to become successful investors. I am sure that they will want to see that the first world convention is held in 1960 because that is the beginning of the biggest 10 years of economic progress in the history of the world.

*From an address by Mr. Nicholson before the annual meeting of the N.A.I.C. at St. Louis, Mo.

NASD Members Select Governors

Seven new Governors have been elected to the Board of the National Association of Securities Dealers and 39 new members were named to district committees by members across the country.

The new governors, who assume their posts this month (January) for three-year terms are: William S. Hughes, President, Wagenseller & Durst, Inc., Los Angeles; Paul E. Youmans, Vice-President, Bosworth, Sullivan & Co., Denver; Edward S. Lewis, Jr., Senior Partner, Lewis & Co., Jackson, Miss.; J. Robert Neal of Wyatt, Neal & Waggoner, Atlanta; Robert E. Daffron, Jr., partner, Harrison & Co., Philadelphia; and Edward H. Ladd, III, First Boston Corp., and Avery Rockefeller, Jr., Dominick & Dominick, both of New York.

Named to the district committees, also for three-year terms, who will assume their duties in March, are:

District No. 1—William T. Patton, Jr., Blyth & Co., Inc., Seattle; and John A. Fagerstedt of Paine-Rice & Co., Spokane, Wash.

District No. 2—Arthur N. Honig of Brush, Slocumb & Co., San Francisco; and Milbank McFie of Merrill Lynch, Pierce, Fenner & Smith, Inc., and William T. Walker, Jr., of William R. Staats & Co., both of Los Angeles.

District No. 3—James M. Powell of Boettcher & Co., and Walter J. Coughlin of Coughlin & Co., both of Denver.

District No. 4—C. E. Coburn of Stern Brothers & Co., Kansas City, Mo.; Elliot H. Stein of Scherck, Richter Co., St. Louis; M. J. Warren of Wachob-Bender Corp., Omaha; and Don Adkison, of Bache & Co., Tulsa.

District No. 5—C. Homer Kees of Ducournau & Kees, New Orleans; T. Clyde Ulmer of Courts & Co., Birmingham, Ala.; and Frank D. Frederic of Equitable Securities Corp., Memphis.

District No. 6—Albert E. Bernet, Jr., of Schneider, Bernet & Hickman, Inc., and Roderic B. Thomas of Dallas Rupe & Son, Inc., both of Dallas.

District No. 7—Roy F. Hunt, Jr., of Alester G. Furman Co., Greenville, S. C.; and H. George Carrison of Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla.

District No. 8 — Robert A. Podesta, Cruttenden, Podesta & Co., Gordon Bent, Bacon Whipple & Co., and Robert M. Clark, Blunt Ellis & Simmons, all of Chicago; and Julian A. Kiser, Kiser, Cohn & Shumaker, Inc., Indianapolis.

District No. 9 — Leland A. Walters of Vercoe & Co., Columbus, Ohio; Charles F. Conners of Pohl & Co., Cincinnati, Ohio; and Roger Springate, Jr., of Security & Bond Co., Lexington, Ky.

District No. 10—C. T. Williams of C. T. Williams & Co., Baltimore, Md., and E. Eldredge Longest of Scott & Stringfellow, Richmond, Va.

District No. 11 — Edward F. Beatty of W. H. Newbold's Son & Co., and Harry B. Snyder of Yarnall, Biddle & Co., both of Philadelphia; and J. Stanley Hope of J. S. Hope & Co., Scranton, Pa.; and Norman B. Ward, Jr., of Norman Ward & Co., Pittsburgh.

District No. 12—Daniel V. McNamee of First Albany Corp., Albany, N. Y.; and the following from New York City—George T. Flynn of Hornblower & Weeks, Herbert A. Goldstone of Wertheim & Co., Jonas H. Ottens of Salomon Bros. & Hutzler, Arthur C. Turner of New York Hanseatic Corp., and Alfred J. Ross of Dick & Merle-Smith.

District No. 13 — Walter T. Burns, of Burns, Barron & Co. of Portland, Maine, and Paul B. Hanrahan of Hanrahan & Co., Worcester, Mass.

THE MARKET . . . AND YOU

BY WALLACE STREETE

The traditional year-end rally found the going a bit hard this week with a good many items keeping traders cautious and the industrial issues restrained.

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Year-end reinvestment was slow to get going; the threat of a resumption of the steel strike still cast a shadow over the market; some sharp slashes in the values of the glamor, i.e. electronic and space age, stocks and the powerful resistance posed by the old peak in the industrial average all weighed on constructive sentiment.

Perking-Up of Some Laggards

Some of the long laggard oils were in mild demand, the recently sluggish American Telephone was able to perk up, and there was mild dabbling among the neglected utilities as the newer notes in the year-end markets.

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Plans of General Electric to demonstrate a new system of recording sight, sound and electrical impulses was generally credited with upsetting the electronics. Such a development would pose a threat to the magnetic tape currently so popular. But the explanation seemed a bit faulty since electronic companies in no way connected with magnetic tape were also severely depressed at times.

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The fact that other items that had carved out wide gains during the year, notably Polaroid, were also cut back hard at the same time made it more likely that the bulk of the pressure came from profit-taking now that such trades count, tax-wise, as 1960 transactions. That obviously sets up a good, initial profit base for 1960 operations.

Year-End Predictions

The year-end predictions were emerging in profusion and those with reservations about next year's market were far outweighed by the optimists, although not all of the latter were too confident past the summer, and most also were well-hedged in the event the steel strike does resume.

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With the uncertainties, few of the bullish element were looking for any runaway market in 1960, and the tentative goals for the industrial average ranged for the most between 710 and 725, with only a few seeing as much as 750 possible in the near future. All of these projections denote an advance considerably less than the 95 point rise achieved during 1959, or even the 60-point recovery from last September's low to the late year high.

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Those who had reservations late in the year seemingly were hedging over the unsettling effect of a change in administration in the fall elections.

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More bearish views were based on lower farm income, the drop in exports, high consumer debt, tight money and far more generous yields in the bond market—all possibly slowing down the boom progressively as the year wears on.

New Favorites

By and large, the specific issues recommended as the ones most likely to show good action during 1960 were not the names prominent in recent markets. They were such old-time, and lately neglected, items as Chrysler, Radio Corp., Western Union, some of the coppers with Anaconda prominent, American Can, Union Oil, General Dynamics and American Telephone.

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The coppers in recent years have been the boom-bust ones of prominence, as the world price of the metal proved to be one of the more volatile, varying in three years from 20 to 55 cents a pound this obviously, made wide swings in the profits pictures of the copper companies. Then late in the year came the copper strike. Control of a sort over prices has been started through controlled production and with the strike out of the way, this industry can look to 1960 as a far better year.

Well-Situated Metal Issues

Anaconda fared a bit better through the strike because of its heavy reliance on mines in Chile and could push ahead strongly in the profit column in the new year. While Anaconda is considered the giant of the coppers, controlling some two-fifths of the known copper reserves, the company is also diversified with a good position in aluminum and in uranium which, while not a magic word any more, still makes a nice contribution to the company's total profits. With an apparent yield of above 6%, Anaconda is widely regarded as one of the better items in the red metal group.

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American Metal Climax also had its followers, with 1959 earnings estimates running half again above those of 1958 and a moderate price-earnings ratio of 12 times, plus a yield of 5% which is well above average. American Metal's extensive interests in African copper, plus its commanding position in molybdenum so important in steel, also made it comparatively immune to world price problems and the copper strike.

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Texas Gas Transmission, like other gas companies, showed a good rebound in 1959 from the previous year's dip in earnings. With improvement ahead since 1960, it will show for the first time the effect of a rate increase and a considerable jump in pipeline capacity. As with most of the utilities, Texas Gas has an indicated yield of well above average at better than 4¾%.

Interesting Oil Item

Phillips Petroleum, like most of the oils, has been anything but a wonder-worker through 1959. Phillips as the largest producer of natural gas might have been expected to nod to the improvement in the gas company fortunes, but it has had a relatively narrow range of about a dozen points and held around dead center for the most.

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Revenues to Phillips from gas alone are expected to hit the $100 million mark in 1960 against $20 million a decade ago. Consumption has increased steadily and prices are improving but, so far, without helping the shares of Phillips nor acknowledging its position as the ninth largest crude oil producer. Like Anaconda, Phillips also has a stake in uranium production with several millions in earnings added to the total from this operation. The return here runs around 3¾% with room for improvement in the dividend in time.

Laggard Diversifier

National Distillers has been busily changing the nature of its operations for nearly a decade, swinging importantly into chemicals. But it hasn't sparked much marketwise in the shares which held in a seven-point range through all the gyrations of the general market in 1959. It raced to the 12th largest chemical company in the nation in the brief span of nine years and third largest producer of polyethylene, an impressive performance. The chemical business is on the brink of providing half of the firm's profits.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

In Securities Business

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Trans World Capital & Securities Corporation is engaging in a securities business from offices at 9151-53 Sunset Boulevard. Officers are Leonard V. Moss, President; Scott S. Smith, Vice-President; and Graham M. Stephenson, Secretary-Treasurer.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

Harold H. Helm, Chairman of the Board of **Chemical Bank New York Trust Co., New York**, announced on Dec. 26, the election of Walter C. Sundberg and Robert O. White, former Assistant Vice-Presidents, to the post of Vice-Presidents. Mr. Sundberg is with the bank's Metropolitan division at 100 Broadway where he is in charge of operations. Mr. White joined the bank in 1946. He is presently with the bank's National division at 165 Broadway, handling its business in the states of Ohio, Indiana and West Virginia.

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Chemical Bank New York Trust Company, New York, announced on Dec. 30, that Isaac B. Grainger, President, will retire early in 1960. He continues as a Director of the Bank and has been asked to assist in the further development of the institute as a consultant. According to Harold H. Helm, Chairman, it is anticipated that William S. Renchard, now executive Vice-President, will be elected President of the Bank to succeed Mr. Grainger. Howard W. McCall, Jr., also Executive Vice-President, is scheduled to become First Vice-President, a new office. It is planned that both men will become directors and members of the Executive Committee. Continuing in their respective offices will be Mr. Helm, as Chairman, and Messrs. Adrain M. Massie, Chairman of the Trust Committee, Gilbert H. Perkins and Hulbert S. Aldrich, Vice-Chairman of the Board. Mr. Grainger, has had 42 years' experience in the commercial banking and trust field. He had been associated with banks in North Carolina and Montclair, New Jersey, before joining the former **Chemical Bank and Trust Company** in 1943 as a Vice-President. He was elected Executive Vice-President in 1950 and President in January, 1956. Mr. Renchard spent most of his career with Chemical Bank New York Trust Company, or predecessor banks as Executive Vice-President since 1955 in charge of the Bank's branch system. Mr. McCall, began his career with the former Chemical Bank and Trust Company in 1928. He advanced to Vice-President in 1945 and Executive Vice-President in 1955.

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Morgan Stanley and Company, New York, announced on Dec. 30 that Sumner B. Emerson will retire as a general partner Jan. 1 and become a limited partner. Roger T. Gilmartin will be admitted as a general partner of this investment banking concern.

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The promotions of Leonard Casey, C. Joseph Kennedy, John C. Matthews and Robert J. Park from Assistant Vice-Presidents to Vice-Presidents of **The Chase Manhattan Bank, New York** were announced Dec. 30 by George Champion, President.

Mr. Casey joined Bank of Manhattan in 1945, advancing to Assistant Treasurer in 1950 and Assistant Vice-President in 1955, the year the **Chase National-Bank of Manhattan** merger. Mr. Kennedy, who became associated with Bank of Manhattan in 1925, was appointed an Assistant Cashier in 1943 and an Assistant Vice-President in 1950. Mr. Matthews joined Chase National in 1930. He was appointed an Assistant Cashier in 1951, and was advanced to Assistant Vice-President in 1954. Mr. Park joined **Equitable Trust Company** in 1928, two years before the **Chase National-Equitable Trust** merger. He was appointed an Assistant Cashier in 1948 and Assistant Vice-President in 1952.

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The appointment of Arthur R. Denno, John F. Kracker and Stephen E. Puckle as Assistant Secretaries of **Manufacturers Trust Company, New York** is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Denno came to the Bank in 1933 and was appointed an Assistant Branch Manager in 1952, and is assigned to the Bank's Fifth Avenue Office.

Mr. Kracker, joined the Bank in 1946. He is assigned to the Bank's Branch Administration Department at its Brooklyn Trust Office.

Mr. Puckle joined the Bank in 1928. He is assigned to the Bank's West Side Office.

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Arthur Brickner, formerly an Assistant Economist, has been named an Associates Economist and Donald M. Dickerson, formerly an Assistant Treasurer, has been named an Assistant Vice-President at **Bankers Trust Company, New York**, it was announced Dec. 29, by William H. Moore, Chairman of the Board.

Coincident with the announcement, Mr. Moore made known the election of James W. Alexander and John P. Emmet to Assistant Treasurers.

Mr. Brickner, who joined Bankers Trust Company in 1945, has been with the Bank's Economics Department since that time. He was named an Assistant Economist of the Bank in 1955.

Mr. Dickerson began his career with Bankers Trust Company in 1934. He was named an Assistant Auditor in 1948, Assistant Treasurer in 1956 and is presently with the Bank's Banking Operations Division.

Mr. Alexander began his banking career with the **Lawyers Trust Company, New York** in 1946 and subsequently joined the staff of Bankers Trust Company when Bankers Trust merged with that institution in 1950. He is presently with the Bank's Credit Audit Division.

Mr. Emmet, began his banking career with Bankers Trust Company in 1953. He is presently with the Bank's Park Avenue Office.

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The appointments of Edward A. Farley, C. Barrett Leary, Dirck H. Post and Franklin Thompson as Assistant Vice-Presidents of **Manufacturers Trust Co., New York**, was announced by Horace C. Flanigan, Chairman of the Board. All are with the National Department.

Mr. Thompson joined the bank in 1935. He was appointed an Assistant Secretary in 1955 and an Assistant Treasurer in 1958. He is assigned to the Southwest Division of the bank.

Mr. Post joined the Central Credit department training program, and was appointed an Assistant Treasurer in 1957. He is presently assigned to the bank's Mid-West Division.

Mr. Farley joined the bank in 1951 and was appointed an Assistant Secretary in 1958.

Mr. Leary joined Manufacturers Trust Co. in 1954 and was appointed an Assistant Treasurer in 1957. He is assigned to the Middle Atlantic States Division.

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The Hanover Bank, New York, announced on Dec. 22, the election of four new Vice-Presidents. They

are: Thomas H. Bennett, Barrett W. Stevens, Stuart McCarty and Donald R. Spaidal. They were formerly Assistant Vice-Presidents. Mr. Bennett, formerly engaged in will review and estate analysis, has been with the Plaza office, Fifth Ave. and Sixtieth St., since the first of the year. Mr. Stevens joined the bank in 1931 and has been with the Plaza office since 1938. Mr. McCarty, of the Rockefeller Center office, has served in the banking and trust divisions. He joined the bank in 1946. Mr. Spaidal, of the personal trust department, joined the bank in 1937.

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Mr. Otto Kinzel was elected a trustee of **Manhattan Savings Bank of New York.**

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Mr. Alfred S. Mills, President of **The Bank for Savings** in the **City of New York**, announces that the Board of Trustees has appointed Charles F. Chamberlain a Vice-President, effective Jan. 1.

Coming to the bank as a bookkeeper in 1931, Mr. Chamberlain advanced to Assistant Comptroller in 1948 and Assistant Vice-President in 1953.

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Norman Ramsey, Vice-President and mortgage officer of **Broadway Savings Bank, New York,** on Dec. 28, was elected Executive Vice-President. Mr. Ramsey joined the bank in 1936.

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T. Arthur Nosworthy, President of the **Bronx Savings Bank, New York,** announced the election of Sheldon J. Ziegler as Vice-President. Kurt Kettenmann was named assistant mortgage officer and Henry Becker, manager of the life insurance department.

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The **Manhattan Savings Bank, New York,** on Dec. 25, announced plans for a branch office at 770 Broadway, corner of Ninth St. The branch now is at Broadway and Eighth St.

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The First New Haven National Bank, New Haven, Conn., announced on Dec. 22, several promotions and retirements from the Bank, to become effective Dec. 31. Both Joseph H. Allen, Chairman of the Board and Chief Executive Officer, and Frederick D. Grave, Chairman of the Bank's Executive Committee, will retire. Other retirements are William G. Cleaver, Carl F. Hauser and Ralph L. Holbrook, all Senior Vice-Presidents. W. Herbert Frost and Harry G. Wiberg, Vice-Presidents. Being advanced to top posts in the Bank are Abbott H. Davis, President, who will become Chairman of the Board, and J. Coy Reid, First Vice-President, who has been elected President. Other senior positions in the Bank will be filled by Thomas Hooker, newly elected senior Vice-President; George W. Kusterer, who will become Vice-President and Cashier; and Donald B. Myers who is elected Vice-President and Senior Trust Officer. E. Perry James was elected a Vice-President and Richard L. Rice has been named an Assistant Vice-President in the Trust Department.

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On Dec. 22, the **First National Bank of Jersey City, New Jersey,** announced the election of Thomas J. Carlon, Thomas J. Stanton and George E. Stock to the post of Vice-Presidents. The three were formerly Assistant Vice-Presidents.

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Parker R. Waite was elected a Vice-President of **Fidelity-Philadelphia Trust Co., Philadelphia, Pa.**

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The Pittsburgh National Bank, Pittsburgh, Pa., announced the election of Robert W. Bruce, Jr., Malcolm E. Lambing, Wilfrid Murtland and J. Edwin Wilson to the post of Senior Vice-Presidents.

John W. Woerner has been appointed Senior Vice-President in charge of the Trust Department at **Girard Trust Corn Exchange Bank, Philadelphia, Pa.,** it was announced by George H. Brown, Jr., President.

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The Russell National Bank of Lewistown, Pa., by a stock dividend, increased its common capital stock from $200,000 to $400,000. Effective Dec. 18. Number of shares outstanding 16,000, par value $25.

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By the sale of new stock, **The First National Bank of Harrisonburg, Virginia,** increased its common capital stock from $300,000 to $400,000. Effective Dec. 14. Number of shares outstanding 40,000, par value $10.

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The **Central Trust Co., Cincinnati, Ohio,** announced the election of John A. Lloyd as a Director. Mr. Lloyd joined Union Central in 1943 as a Vice-President.

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The **First Galesburg National Bank and Trust Co., Galesburg, Illinois,** on Dec. 14, by a stock dividend increased its common capital stock from $600,000 to $750,000. Number of shares outstanding 7,500, par value $100. Effective Dec. 15.

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By a stock dividend, the **Chicago National Bank, Chicago, Ill.,** increased its common capital stock from $2,500,000 to $3,500,000. Effective Dec. 17. Number of shares outstanding 175,000, par value $20.

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Manufacturers National Bank, Detroit, Mich., named Leo D. Roach Vice-President. He is Executive Vice-President of **Romulus State Bank,** which will merge with **Manufacturers** Dec. 31.

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Joseph M. Dodge, Chairman of the **Detroit Bank and Trust Co., Detroit, Mich.,** announced the following appointments made at the Board of Directors' meeting on Dec. 22. Trust Department: Vice-President and Trust Officer to Vice-President, Arnold W. Lungershausen. Assistant Trust Officers to Trust Officers; George W. Menold, Alvin W. Okuley, John E. Park. To Assistant Trust Officer; John L. Wilson. Banking Department: Assistant Cashier to Assistant Vice-President, Wilson D. Tyler. Also, to Assistant Vice-President, James J. Johnson. To Assistant Cashier, Russell T. Gratner, Lloyd G. Johnson, William R. Fenohr.

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The National Bank of Detroit, Michigan, announced the appointment of Robert M. Ashlin of the marketing division, and Arnold W. Gietz of the national division, to the post of Vice-Presidents.

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The office of the Comptroller of the Currency announced on Dec. 11, the merger of the **National Bank of Wilson, Wilson, North Carolina,** with common stock of $400,000 with and into **Durham Industrial Bank, Durham, North Carolina,** with common stock of $100,000, into **First Union National Bank of North Carolina, Charlotte, North Carolina,** with common stock of $2,515,000. The merger was effected under the charter and title of First Union National Bank of North Carolina with capital stock of $2,975,000 divided into 595,000 shares of common stock of the par value of $5.00 each.

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The office of the Comptroller of the Currency announced on Dec. 11, the issuance of a charter to **Citizens National Bank of Sandy Springs, Sandy Springs, Fulton County, Georgia.** President is Thomas E. Cook and Cashier is James S. Farr. The bank has a capital of $125,000 and a surplus of $175,000.

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Bank of Palm Beach and Trust Co., Palm Beach, Florida, announced the election of Earl E. T. Smith as a Director.

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By a stock dividend, **The First National Bank of Montgomery, Ala.,** increased its common capital stock from $2,000,000 to $2,250,000 and by the sale of new stock from $2,250,000 to $2,500,000. Effective Dec. 18. Number of shares outstanding 500,000, par value $5.

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The First National Bank of Dothan, Alabama, by a stock dividend increased its common capital stock from $850,000 to $1,000,000. Effective Dec. 17. Number of shares outstanding 40,000, par value $25.

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By a stock dividend, **The Denton County National Bank of Denton, Texas,** increased its common capital stock from $200,000 to $300,000. Effective Dec. 15. Number of shares outstanding 3,500, par value $100.

Glover V.-P. of Firstamerica Corp.

LOS ANGELES, Calif.—Election of W. Wayne Glover to Vice-President of Firstamerica Corp. was announced Dec. 21 by Frank L. King, Chairman of the Board.

W. Wayne Glover

According to Mr. King, Mr. Glover will assist in Firstamerica's investment program and will also continue as Senior Vice-President of California Bank.

Mr. Glover has considerable background in the field of investments. From 1924 to 1930 he was associated with the Pacific Coast office of C. F. Childs and Company as Regional Director. He was head of the municipal buying department of the National City company in San Francisco from 1930 to 1935 and for three years prior to joining California Bank in 1938 he was Pacific Coast representative for Salomon Bros. & Hutzler.

A member of the Governmental Securities Committee of the Investment Bankers Association of America, Glover and other members of the Committee meet at the call of the Secretary of the Treasury three or four times a year in Washington to discuss Treasury operations.

New Staats Branch

SCOTTSDALE, Ariz.—William R. Staats & Co. has opened a branch office at 42 East First Avenue, under the management of John G. Holman.

Neumark Director

Arthur J. Neumark, partner in H. Hentz & Co., has been elected a Director of the Paddington Corporation.

Form Sampair & Egan

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—Simpair and Egan, Inc. has been formed with offices in the First National Bank Building, to engage in a securities business. Principals are R. Patrick Egan and Joseph H. Sampair. Mr. Egan has recently been with Paine, Webber, Jackson & Curtis, and Mr. Sampair with J. M. Dain & Co., Inc.

Form Unterman Associates

Unterman Associates has been formed with offices at 185 Madison Avenue, New York City, to engage in a securities business. Officers are Israel Unterman, President; Joseph Breitstone, Treasurer; and Ruth Unterman, Secretary.

FIF Begins 25th Year

DENVER, Colo.—Financial Industrial Fund President Charles F. Smith (right) is shown as he accepts a silver token and a specially designed cake honoring the beginning of the 25th business year of the mutual investment fund which he founded in 1935. Making the presentation to the FIF chief executive is FIF Management Corporation Vice-President W. W. McAdoo, an early investor in the Fund and also one of the first distributors of FIF Shares and periodic investment plans. Mr. McAdoo has been engaged in Fund Share distribution since February, 1936.

Mr. Smith is a member of the Board of Governors of the National Association of Investment Companies, and also serves as a director of the Association of Mutual Fund Plan Sponsors, Inc. In addition to his Presidency of Financial Industrial Fund, Inc., he is President of FIF Management Corporation, general distributor and manager of the Fund's portfolio, and President of FIF Associates, Inc., the direct public distributing organization for Fund Shares and investment plans.

The decor of the elaborate cake presented to President Smith on the occasion of the outset of the Fund's Silver Anniversary year symbolized the growth of FIF from a mutual fund with a tri-state distribution area to one now having international representation.

The anniversary presentation was marked as 23 Regional and Divisional Managers, whose branch offices represent FIF distribution areas throughout most of the United States as well as Puerto Rico, convened at the FIF national headquarters offices in Denver, Colo., for a policy planning conference.

Free Trade as Protectionism

"Look what has happened here in Benelux. I now ship my goods to Holland without any Dutch customs examination at all, let alone any tariff. I just buy a 2% transfer tax stamp, affix it to my crates, and the goods go direct to my customer.

"And that is exactly what should happen for shipments to France and Germany and Italy under the common market. I am thoroughly convinced now that this thing is going to come off, and I'm already making plans for a bigger market."—Belgian Exporter.

"It's only a small thing, of course, but it's a pretty important business to me. The French are going to wipe us right off the map. They have all the natural advantages. Our best hope is to share somehow in their business, possibly in the distributing end. What's that? Yes, I guess the German people will get better, and possibly cheaper, mineral water."—German bottler of mineral water.

Much of both the economics and the politics of protectionism and free trade lie implicit in these concrete observations!

The Nation in Space

By Dr. T. Keith Glennan,* *Administrator, National Aeronautics and Space Administration, Washington, D. C.*

Country's space program administrator outlines our new complete program designed to place us in the forefront of rocket booster development and space exploration-experimentation. Dr. Glennan especially stresses this is not a half-hearted but a full program, that we will not for too long run second in any phase of space exploration, and that this will return to the economy many by-product dividends some of which he names. As now envisioned, in early 1961 the Vega will be the first of our space-vehicle systems capable of matching the performance demonstrated by the Russians more than a year ago, and further progress will ensue at an accelerating pace.

Compares U.S.A. and U.S.S.R. Programs

In order to concentrate our attention on the National Space Program, I must first clarify the relationship between accomplishments of the Soviet Union in the space field and the capability of the United States Intermediate Range Ballistic Missile (IRBM) and Intercontinental Ballistic Missile (ICBM) military weapons systems. The Soviet space achievements can be credited largely to their use of rocket-propulsion devices having substantially higher thrust than ours. This higher thrust capability enables them to carry heavy scientific payloads—sensors, instrumentation, and communications equipment—and well developed guidance equipment necessary to accomplish difficult space missions. Our space vehicle systems are based on rocket boosters of substantially lower thrust than theirs, and we simply cannot carry both heavy payloads and highly reliable and precise guidance systems on our space missions.

Dr. T. Keith Glennan

How did this come about? Does it mean that our ballistic missiles—the same ones which serve as the basic boosters for our space vehicle systems — are unable to carry nuclear warheads of the required destructive capability to their assigned targets with the required accuracy? Is the American public being deceived in this matter?

As a basic premise, of course, ballistic missile rockets must be large enough and powerful enough to deliver the warhead on the selected target. But there is no particular virtue in having one twice as powerful as necessary to carry the largest, heaviest, and most destructive warhead you are prepared to employ. Indeed, the smaller they can be made, the less costly and more reliable they are apt to be. Thus more of them can be had for a given sum of money.

The Russians started intensive development of their large rockets shortly after World War II. It appears that, with their customary singleness of purpose, they made an early decision to concentrate on rocket-propelled ICBMs as the delivery system for the nuclear weapons they were developing. At that time, our reliance for delivery of nuclear weapons was placed almost wholly on the big bombers of our Strategic Air Command.

We Did Not Need Heavy Rocket Thrust

Now it is necessary to realize that the nuclear weapons of the late 'forties and very early 'fifties were very much heavier, more bulky, and much less efficient in their use of nuclear materials than those developed in the early mid-fifties—say in the 1952-54 period. Thus the early Soviet decision to center their delivery systems development efforts on the ballistic missile required that they develop a large rocket with very high thrust to carry the heavy weapons then available. On the other hand, by 1953 our AEC laboratories had been so successful in their efforts to improve the efficiency of our atomic and hydrogen weapons that our delayed start — in that year—on a crash ballistic missile program made it possible for us to design our rockets for the lower thrusts required to carry these more efficient and much lighter weapons.

Here is the result stated bluntly: Our Thor, Jupiter, and Atlas missiles have the necessary guidance and thrust to deliver nuclear warheads with the desired destructive force on military targets wherever they may be. The Thor and Jupiter, incidentally, have already been deployed in quantity.

Turning now to space exploration, it becomes clear that our lack of need for very high thrust ballistic missiles to carry our nuclear warheads has played a strong hand against us in what has been termed the competition for space with the Soviet Union. Actually, our largest available rocket booster, the Atlas, is designed to provide approximately half the estimated thrust of the Soviet first-stage rocket booster. To compound our problem, we can only now begin to use the Atlas as our basic booster rocket—some two years after the Russians launched Sputnik I. Thus we are two years late already; and we must for a long time to come—perhaps for as long as three or four years—continue to use the Atlas or its counterpart, the Titan, as the basic booster for our space vehicle systems.

However, there is one really bright spot in the picture. It is possible to develop suitably proportioned upper stages to ride on the Atlas—as a first-stage booster—and thus very greatly increase the load-carrying of the total vehicle system. This we are doing with urgency. I will say more about this program later.

No useful purpose would be served by making excuses for this situation. But it is vital that our people understand the facts that confront us. Speeches and newspaper articles are not going to provide the greater thrust needed for accurate propulsion of heavy payloads into satellite orbits or on deep space trajectories. I suspect, however, that if we were able to contain and use as a propellant all the hot air that has been expended on this subject lately, we could have at least one vehicle of really high thrust.

What We Need

What we need, and what I believe we now have, is a program of rocket booster development which will permit us to overcome these handicaps in the reasonably near future so that we can undertake the sort of experiments and adventures in space that will satisfy our curiosity about the unknown. Our ultimate goal is to explore with both unmanned and manned vehicles the planets and the space that separates us from them. While I have already taken a good bit of time discussing rocket boosters, I am going to take even more later on. I am not doing this because I am enamoured of rockets as such. They are merely the devices that we must use if we are to carry out our experimentation and exploration in the space environment. They are exceedingly costly, temperamental, but necessary common carriers to outer space.

Now, let me give a picture of the organization we have put together to carry out the National Space Program.

Outlines Our Space Program

Just 13 months ago, the National Aeronautics and Space Administration was declared to be in business. Let me hasten to emphasize that we are not "just one other alphabetical government agency" new-born to add confusion to the Washington scene. At the outset, NASA absorbed the National Advisory Committee for Aeronautics, a highly respect, 43-year-old aeronautical research and development organization with rich resources in terms of men, experience, and equipment. With this nucleus of nearly 8,000 scientists, engineers, and administrative personnel, and laboratories such as Langley in Virginia, Lewis in Ohio, and Ames in California, NASA was off to a flying start that would not have been possible otherwise.

NASA is new in the sense that its mission is vastly broader than that of NACA, which was essentially a research organization. NASA has been commissioned by the President and Congress to direct all nonmilitary aeronautical and space research and development. In addition, we are instructed in our law to work closely with the military and do, in fact, make a sizable research contribution to the military aircraft and missile programs. NASA scientists and engineers are hard at work on problems connected with a variety of military and civilian aircraft and with about every missile in our arsenal, a fact which is not generally appreciated. May I add, parenthetically, for those who are particularly interested in aeronautics, that we will continue to devote a substantial fraction of our in-house research capability to solving the problems of atmospheric flight and investigating the feasibility of supersonic transports for the long-range future.

Numerous projects have been transferred to us from the military during the past months. Initially, we acquired the Vanguard team of highly competent scientists from the Naval Research Laboratory; later the services of the Jet Propulsion Laboratory of California Institute of Technology; and, just the other day, a substantial fraction of the Army's Ballistics Missiles Agency of Huntsville, Alabama—principally its Development Operations Division headed by Dr. Wernher von Braun. With this transfer becoming effective in the early days of the next session of Congress, our total governmental staff in this field will number, as of June 30, 1960, more than 14,000 persons.

The President's decision to transfer the Huntsville group to NASA—subject to Congressional approval—seems to me a logical one. It will put under one management the great majority of the government's scientists and engineers who are interested and active in understanding and using the space environment for peaceful purposes. As the President stated, "The contemplated transfer provides new poportunity for them to contribute their special capabilities directly to the expanding civilian space program."

The Huntsville group will now have the advantage of working more closely with our other laboratories in the same field, rather than operating as a more or less isolated group. Its responsibilities will not be curtailed or diminished—in fact, quite the contrary. We have enjoyed harmonious relationships as separate entities; we intend to make full use of their proven capabilities when they become part of the NASA team.

Details the Program

Let me turn now to the program we have laid out for the short- and long-term future as we now see it. I emphasize the word "now," for this is the most fluid of businesses, subject to constant and continuing review and evaluation in light of fast-breaking developments.

The major components of our National Space Program are as follows:

(1) Manned flight in space, of which Project Mercury is the first step. About 15% of our effort, measured in 1960 budget dollars, is being expended on this subject.

(2) Scientific exploration of the upper atmosphere and outer space represents about 15% of our 1960 budget dollars. Our search for new knowledge will involve us in many satellite and deep space missions. For the present and immediate future, these will be carried out with the space systems of relatively small capacity now available to us. As new vehicle developments come into use—and I will describe the space vehicle development program later in this paper—we will undertake an extended series of lunar missions and interplanetary and planetary experments. These missions will lead ultimately to manned exploration of outer space; the moon; and, hopefully, of the planets—although these latter exploits are a long way off, as I see it.

Some of these basic experiments will be made in areas of scientific interest that should result, ultimately, in useful operating systems for civilian applications and, in some cases, for military use as well. Most often mentioned in this category are the meteorological and communications fields; we have active programs in both.

(3) The National Space Vehicle Program. Recognizing early in our existence that propulsion was to prove a real limiting factor in our ability to get ahead with our task, we established a space vehicle program with the following guiding principles:

(a) The space program requires the development of a limited series of new space flight vehicles having increased payload capabilities for successive periods of use.

(b) These new vehicle types, when fitted with the payload and guidance appropriate to a mission, must serve for most of the space missions planned for the future.

(c) Reliability must be increased through the continuing use of a given space vehicle design for a maximum variety of payloads and missions.

As an all-purpose, relatively inexpensive space vehicle system, we have developed with very substantial assistance from industry, a solid-propellant, four-stage vehicle known as the Scout. It should be capable of placing a payload of 200 to 250 pounds into a 300-mile orbit (a convenient orbital height to use in comparing propulsion systems) with a limited precision and at a launch cost of $500,000 to $600,000. In various configurations, the Scout will be used as a verticle sounding rocket or as a satellite launching vehicle. Military interest in this vehicle for research purposes is quite high.

In the next larger category, we have a number of vehicle systems being used or planned for use in the immediate future as we move toward a single IRBM-based vehicle. These vehicle systems now carry from 75 to 300 pounds. By the early fall of 1960, there should be available the preferred vehicle system in this class. It should be able to place 1,200 pounds in a 300-mile orbit.

Then, in the Atlas-based systems, NASA is developing two vehicles: the Vega and the Centaur. The first is an optimized use of the Atlas with the upper stages burning conventional liquid propellants — kerosene as the fuel with liquid oxygen as the oxidant. In its three-stage version, which should be ready for initial flights early in 1961, Vega will place 4,800 pounds in a 300-mile orbit and 1,000 pounds into a deep space trajectory; that is, a shot intended to propel the payload to the moon and beyond. This program, unfortunately, is now being set back by the shortages resulting from the steel strike.

The Centaur will be the first system to include upper stages using liquid hydrogen as a high energy fuel. It will employ an Atlas as a first-stage booster and will be capable of launching 8,000 pounds into a 300-mile orbit or 2,300 pounds into a deep space trajectory. Much remains to be known about the behavior and storage of liquid hydrogen in a weightless condition in a hard vacuum. But we have high hopes for this system and might well use it as a replacement for the Vega vehicle if it proves satisfactory.

Hopes for 1961

As the situation stands now, it is reasonably certain that in early 1961 the Vega will be the first of our space-vehicle systems capable of matching the performance demonstrated by the Russians more than a year ago. I have no doubt that the Russians will be improving their systems during this same period.

Finally, we come to the Saturn and its derivatives, which will be able to loft 30,000 pounds to the 300-mile orbit initially, and more than 200,000 pounds in the later versions. These will not be available for use until the 1964-65 period unless we have much better luck than we have any right to expect.

While all this effort—representing about 25% of our budget dollars in Fiscal Year 1960 — is going forward, we will be carrying out many experiments using the less efficient vehicles assembled from existing rocket units, mostly those based on the Thor IRBM as a first stage.

The fourth major segment of our program is that of supporting research and advanced technological development and the management of our research and development activities, both in-house and under contract. While much of this work is carried out in our own research centers, we do support advanced component development through contracts with industry. A little more than 25% of our budget dollars are used in this category.

Finally, 18% to 20% of our budget provides for our research facilities and a worldwide tracking and data-acquisition network.

Expenditures in 1960

Operating in fiscal year 1960 at a budgetary level of $501 million, we will spend about 70% of those dollars with industry or with other contractors.

I have taken time to give this condensed picture of the important segments of our national space program because I believe it to be soundly conceived, well planned and designed to bring us useful results. It is not a half-hearted approach to this exciting new field. It is our own program—not a reaction to the Russian program or an attempt to outguess it. It represents our best efforts to make the most out of the capabilities we now possess while we drive ahead to increase our propulsive thrust at the earliest possible time.

Many critics seem determined to cast the U. S. space program solely in a competitive relationship with that of the Soviet Union. To an extent, this rivalry is important and significant. As I have said before, we cannot be a leader

in a race if we continue to run second.

But it is my belief that man would now be engaging in the approaches to space exploration even if there were no technological rivalry between the Communists and the Free World—although the effort certainly would not be as great nor the pace as pressing. Science and technology have reached the stage where the next logical step is outward. As Mark Twain quoted an old Mississippi River pilot on a great technical advance of another day: "When it's steamboat time, you steamboat."

Now it is "space time."

By-Product Results

I am convinced that space exploration will return to the economy many dividends which at this stake we can envision only dimly. I have mentioned the meteorological and communications systems which many of us believe will return very real economic benefits to the economy in the foreseeable future. Others that can logically be expected include: application of space-vehicle inertial guidance to aircraft; adaptation of data-processing systems used in space experiments to commercial and industrial ends; utilization of high-temperature, high-strength alloys for industrial products; and, of course, adaptation of the super-miniaturization techniques—necessary to make space payloads compact — to provide much smaller, lighter, and more efficient office, plant, and home appliance of many kinds.

This "feed-back" into the economy may eventually be worth many times over all the funds we spend on space. It is from this standpoint, as well as for considerations of national defense and prestige, that we should measure the value of space research and development.

In closing, may I repeat that the National Space Program is making good, sound progress. It will continue to progress at an accelerating pace. We do not intend to whine or grow hysterical every time the Russians score. We do not intend to rush pell-mell into makeshift space "spectaculars" in hopes of topping each Soviet space success. But I can assure you that we do not intend for long to run second in any phase of space exploration.

Time is the key element, and in time the United States will prevail over the present challenge in space as it has over other equally harsh challenges in the past.

*An address by Dr. Glennan before the 2nd General Session of the 85th Annual Convention of the American Bankers Association, Miami Beach, Fla.

G. E. Sloan Opens

(Special to The Financial Chronicle)

JOLIET, Ill.—George E. Sloan is conducting a securities business from offices at 1403 Mayfield Avenue. Herbert L. Nutt has joined Mr. Sloan's staff.

New Parker, Ford Office

PARIS, Texas—Parker, Ford and Company, Inc. has opened a branch office in the First National Bank Building under the management of Drexel O. Harding.

Ross Secs. Office

PORTLAND, Ore.—Ross Securities Incorporated has opened a branch office in the American Bank Building, under the direction of Sidney Drayer.

Life Associates Agency

SCHENECTADY, N. Y.—Life Associates Agency, Inc. is engaging in a securities business from offices at 148 Clinton Street. Officers are John M. Devlin, President, John A. Holland, Vice-President, and William Wagner, Secretary-Treasurer.

Purchasers Wax Bullishly About Business Prospects in 1960

End of the year survey by National Association of Purchasing Agents reveals strong belief for record high business turn in 1960. A note of caution about labor unrest, tight money and foreign competition is also revealed as well as the fact that steel delivery difficulties have caused duplicative ordering.

Purchasing Executives believe 1960 business will be good, not only for the first six months as forecast by some economists, but for the entire year. A significant 68% of the National Association of Purchasing Agents predict the first six months of 1960 will be even better than the high-level conditions that prevailed in the same period of 1959. Only 2% think it will be worse, with the remaining 30% seeing no change. Looking at the year as a whole, an even greater number, 75%, see 1960 as better than 1959, 23% see it as the same and 2% worse. There is, however, a hint of caution running through the reports, and the item most often mentioned is the possible upsetting effect of further serious labor difficulties. Among the other items causing some concern are those of tight money, high interest rates and foreign competition.

In anticipation of the start of the decade of the soaring '60s, both our production and new order figures are improved from last month. Statistically, 29% say production is up, 54% the same, and 17% lower. In reporting on new orders, 33% tell of an increase, 42% no change, and 25% a reduction.

Commodity prices are holding within narrow limits. Many of the NAPA members believe that the possibility of "holding the price line" in 1960 is greatly dependent on the final outcome of the steel situation.

Inventory balances show some improvement. Emphasis is more on the cessation of further depletion, rather than on any significant new accumulations.

Employment is generally up. While some report seasonal declines, more report both seasonal and better general business conditions as reasons for their improved situation.

In spite of record steel production, buyers are not able to get deliveries of all they would like. Accordingly, buying policies are again reflecting a willingness to extend commitments farther ahead. Also, the threat of the strike resumption at the end of the 80 days is causing some to pay premiums to get needed steel items now.

However, general business optimism is reflected in the December report and this prompts the entire Business Survey Committee to wish its readers a most prosperous New Year.

Commodity Prices

Prices are marking time, waiting for the final outcome of the steel negotiations. Most changes are within narrow limits, with the number of items inching upward slightly exceeding the decreases. Among the most significant changes are the increase in the price of aluminum and the surprising decrease in the price of steel scrap.

Statistically, 67% of our members report no change, with 29% telling of small increases, and 4% reductions.

Inventories

The resumption of steel deliveries has had the inevitable result of somewhat lessening the drain on already depleted inventories. Where inventories of items were down to zero, buyers are now able to see at least some materials in stock, even though the turnover is rapid and production requirements quickly consume all that is available. Uncertainty about what will happen at the end of the 80-day moratorium in the steel situation is causing most buyers to try to add to inventories of steel items.

Heavy current demands, however, minimize the opportunities to get deliveries of more than enough to meet production schedules. Our reports show 22% have been able to increase inventories some, 26% say their inventories are even lower than a month ago, while 52% report no change.

Buying Policy

Purchasing Executives tell of difficulties in getting orders accepted by steel suppliers with any firm delivery promises. The result is duplicate ordering and anticipatory buying in the hope that enough steel will trickle in to meet production schedules. The gradual trend toward lengthening the time ahead for which commitments are made continues again in December. It is apparent in all three categories—production items, MRO supplies and capital purchases. There seems to be little fear of any serious general decline in business conditions, since this pattern of extended buying policy applies across the board.

	% Reporting				
December	Hand to Mouth	30 Days	60 Days	90 Days	6 Mos. to 1 Yr.
Production Materials	9	24	37	20	10
MRO Supplies	21	51	15	10	3
Capital Expenditures	13	7	12	19	49
November					
Production Materials	9	25	34	22	10
MRO Supplies	19	48	20	8	5
Capital Expenditures	13	5	12	15	55

Specific Commodity Changes

Even with near-capacity production in the nation's steel mills, most users can not get all the steel they require. Hence, we find a large number of buyers this month indicating short supply in steel items of all kinds. Doubtful outcome of the negotiations is causing buyers considerable apprehension as mid-point in the cooling-off period passes.

On the **up** side are: Copper, aluminum, some machine tools, rubber, cotton, burlap and abrasives.

On the **down** side are: Steel scrap and some items of electrical equipment.

In **short** supply are: Copper, most steel items and phthalic anhydride.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Governor Rockefeller gave a little dig to the Republican leaders in his statement withdrawing from the Presidential race. It gave the Democrats a little something to crow about.

The Governor said he had found the Republican leaders did not want a contest for the nomination. Such Democrats as Senator Lyndon Johnson, Governor Pat Brown of California, and Adlai Stevenson said this meant there was no place for a liberal in the Republican ranks.

I know of no Republican leader who was against a contest, but the overwhelming majority of them were for Nixon. This did not mean that they were opposed to a contest.

The fact is also that it was not only the Republican leaders but the Republican voters who have shown repeatedly in poll after poll that they were for Nixon. The Governor showed good judgment in bowing to the inevitable.

It is a good bet though that there is no room in the Republican party for a liberal. Liberalism is the exclusive property of the Democrats, but to hear a man like Senator Johnson bemoaning the fact that Republicans have no room for a liberal is to laugh because Johnson is about as conservative as they come.

As an example of some liberalism that is to come up at the next session there will be the battle over Federal aid to education.

The National Education Association, one of the strongest lobbies in the country, has been feeling its oats and in a strong letter to Senators and Congressmen it tells just what it expects this Congress to do.

A number of compromises for Federal aid to schools, some by the Administration, have been advanced the NEA says, and the association rejects them in toto.

They would not be compromises on detail, according to the association, but would be major sacrifices of fundamental principles.

The only pending legislation that the association will support is the Murray-Metcalf bill which would provide Federal funds for both additional schools and teachers' salaries. This bill would make available $25 per child of school age (the association estimates that it would cost $1.1 billion) to each state during the first year that it was in operation.

In its original form the Metcalf bill, a measure introduced in the House by Representative Metcalf —would have increased the grant to $50 per child in the second year, $75 per child in the third year and $100 for fourth year and each year thereafter. As the House Labor and Education Committee reported it out, it reduced the sum to $25 for each child. This was subsequently in the Senate bill introduced by Senator Murray.

The NEA recognizes the amount allocated under the Murray-Metcalf bill and the duration of the bill to be legitimate areas of compromise. However, the NEA will seek restoration of the original amounts when the bill is debated in the House.

The NEA's statement says:

"Substantial Federal funds must be made available if we are to survive and prosper as a free people.

"State and local control of education is necessary to maintain our free democratic institutions.

"Therefore, we can support only such legislation which will provide Federal funds in a way that will strengthen state and local control of education. The Murray-Metcalf bill was designed with this specific purpose in mind.

"The Murray-Metcalf bill provides substantial funds for public elementary and secondary education with the states having freedom to choose how they will apportion the money between teachers' salaries and school construction. This freedom of choice principle is essential to strengthening of state and local control of schools."

The NEA statement makes no effort to refute the argument that whenever the Federal Government puts up the money it controls in one way or another. It glosses over this fact.

It says it believes such a bill placed on the President's desk would be approved. In this writer's opinion it would be vetoed, and will be an issue in the next Presidential campaign between the so-called liberals and the conservatives.

Kohlmeyer Co. to Admit Partners

NEW ORLEANS, La.—Kohlmeyer & Co., 217 Carondelet St., members of the New York Stock Exchange, on Jan. 7 will admit to partnership Herman S. Kohlmeyer, Jr., Roy C. Breaux, Shaun C. Viguerie and Robert R. Wolf.

Nugent & Igoe To Admit Purcell

EAST ORANGE, N. J.—On Jan. 7 Nugent & Igoe, 592 Main Street, members of the New York Stock Exchange, will admit Robert D. Purcell to partnership.

Yates, Heitner to Admit Zaegel

ST. LOUIS, Mo.—On Jan. 7 John F. Zaegel will become a partner in Yates, Heitner & Woods, Paul Brown Building, members of the New York and Midwest Stock Exchanges. Mr. Zaegel is the firm's office manager.

New Howard Weil Office

BATON ROUGE, La. — Howard, Weil, Labouisse, Friedrichs & Company have opened a branch office in the Louisiana National Bank Building, under the management of Dudley W. Coates.

White Adds to Staff

(Special to The Financial Chronicle)

ST. LOUIS. Mo.—John L. Tierney, Jr. has been added to the staff of White & Company, 506 Olive St., members of the Midwest Stock Exchange. He was formerly with J. F. Lynam & Co., Inc.

Joins F. I. du Pont

(Special to The Financial Chronicle)

CHARLOTTE, N. C. — John E. Summers is now connected with Francis I. du Pont & Co., Liberty Life Building.

Form Mencher Co.

Mencher & Co., Inc. has been formed with offices at 150 Broadway, New York City to conduct a securities business. Officers are Maurice Mencher, President and Treasurer, and Peter Mencher, Vice-President and Secretary.

The Basic Way to Solve Our Balance-of-Payments

Continued from page 1

have encouraged foreigners to keep the dollars they accumulate invested here.

Now I think I ought to emphasis that sizeable deficits in our balance of payments—even deficits of $3 to $4 billion annually—do not place the United States in any immediate tight spot. There is no question about the internal strength of our economy — it is stronger than ever. And to meet any external drain we still have the largest gold reserve in the world, some $19½ billion, almost half the total monetary gold held by all nations. But the United States has also become the world's leading banker. Central banks alone hold reserves in the form of dollar deposits or short-term investments of more than $9 billion in the United States. And if we add the dollar deposits and short-term investments of other foreign entities (individuals, corporations and banks), the total comes to about $19 billion. So like any banker, we have many claims against our assets, and it is vitally important that our creditors continue to retain complete confidence in us. The plain fact is that a balance-of-payments deficit of $3 to $4 billion yearly, if allowed to persist, is too much. It increases the claims against the United States at too rapid a rate, and it causes our creditors justifiably to take a close look at how we are managing things.

Are We Good Managers?

Well, how *are* we managing things? Why have we had this sudden increase in the imbalance of our foreign payments? The immediate cause is not hard to discern. After 1957 the United States experienced a decline in its exports and an increase in its imports. In 1957 our exports amounted to more than $19 billion, and our imports were about $13 billion. We had a favorable balance on trade alone of $6 billion. Admittedly that was a peak year—influenced among other things by the Suez crisis. Nevertheless, it looks as though our exports in 1959 may not run to more than $16½ billion, while imports will have climbed above $15 billion. Our favorable balance on trade, then, wil have been cut to less than $1½ billion.

Of course, this balance on trade is still favorable, and more so than many countries in the world can claim today. What are the elements then, that actually bring about the adverse balance in our total foreign payments? As you know, there are a whole host of services that we exchange with other countries — travel, shipping, banking, insurance and the like. For Britain these are net earners of foreign exchange, but for us they add up to pretty much of a standoff—we pay out as much as we earn. But then there is still another set of transactions, a set that has assumed unusual importance for the United States in the postwar years—transactions that reflect vital commitments of a political, military and economic character. These, of course, are our foreign aid, the expenditures we make abroad on our military bases, and our private foreign investment. These all add up to a huge sum in excess of $10 billion annually.

Foreign Aid Is Not to Blame

I think it is of great importance that knowledgeable people in investment circles and industry particularly should understand just what is involved in financing these various commitments abroad. Some of these commitments do account for a sizeable net outflow of dollars, but others do not. Take first the matter of economic aid. This now amounts to about $2.6 billion annually if we include in the total approximately $1 billion of loans made by the Export-Import Bank, the Development Loan Fund and other Government agencies. There has been a persistent tendency to single out such aid as the culprit behind the scenes in the current imbalance of our foreign payments. The facts, however, do not justify this placement of blame, for the great bulk of such aid always has been tied specifically to United States exports. Thus if we cut back on the aid, we simply cut back on exports. As a matter of fact, a growing amount of such aid in recent years has taken the form of surplus farm commodities, and if we fail to ship these abroad they merely pile up on our own doorstep.

There has been a portion of economic aid dollars, it is true, which has not necessarily been spent in the United States. So far as I can gather, this has not represented a major amount—perhaps no more than a fourth of the total. Recently the Administration ruled that where possible this aid, too, should take the form of United States exports. A great hue and cry has been raised over this action, and our government is accused of deserting the liberal trade policy which it has fought so long to bring into effect on a worldwide basis. I am afraid we must admit that tying loans and grants to exports in theory is a backward step. But it is also a step which, given the full range of our commitments abroad, seems to me to be prudent in the present circumstances. It does not mean that we shall cut out any and all aid that fails to be tied to United States exports. Some essential aid, for example, takes the form of commodities which the United States does not ship abroad on a net basis. Sugar and rubber are cases in point. But the amount left over in this category should be relatively small.

Let us now look at military aid —an outlay as large as its economic counterpart. Here I am talking about shipments abroad of military and related supplies under the various mutual defense treaties which the United States has with other countries. In 1958 this aid amounted to $2½ billion. The entire sum took the form of U. S. exports; so again if we cut back on aid, it would seem we automatically cut back on exports. There appears to be no immediate relief here for the balance of payments.

There are those who would argue against this point of view, however, contending that if we cut back on aid we might get some of the recipients to pay dollars for the military equipment they need. I am afraid that the prospect for this is not very promising. The countries that can really afford to pay for weapons in the United States are already doing so on an increasing scale. Germany is a case in point. It is countries that cannot afford payment — Greece, Turkey, Iran, Pakistan, Taiwan and Korea among them—that receive much of the aid. Yet we must recognize also that these countries are undertaking a considerable defense effort on their own, and that the Western World benefits greatly from the forces they are able to muster. In spite of all this, the burden of military aid, as well as economic aid, has fallen very heavily on the United States for a number of years, I would certainly agree that the time has come for other nations in the West to shoulder a larger share, and in the process of redistributing the load we should keep an eye open for any impact on our balance of payments.

Our Military Establishments Abroad

That brings us to the second category of special payments which I singled out earlier—payments in support of our own military establishments abroad. These establishments lie at the very heart of our defense policy, but there is no denying that they are one of the major elements in the current imbalance in our foreign payments. Last year the United States spent about $3.4 billion on the maintenance and support of its military bases abroad; this year the sum is likely again to exceed $3 billion. None of this is tied to exports from the United States, and the countries receiving the dollars are free to use them as they choose.

For what do the military services spend these huge sums? Well, they need to pay U. S. troops in Germany, Britain, Japan and other nations, who in turn exchange dollars for currencies of those countries. Last year such troop expenditures accounted for about $900 million of the total. Another $1,100 million went for jet fuel, motor gasoline, fresh foodstuffs and other supplies bought at the most convenient locations. Still a further $800 million was paid out for local services necessary to support and maintain the bases. And so on down the line. I might add, too, that these dollars are spread out all over the world. Nevertheless, more than half the total goes to Western Europe, with Germany, France and Britain the major recipients. Another $450 million flows to Canada, while Japan is the chief recipient in the Far East.

Examine Our Foreign Investments

Before we consider what if anything might be done about these defense expenditures, let me complete this survey with a brief look at the final category of special outlays which enter into our balance of payments: namely, private foreign investment. Again it has been the policy of our government to encourage the flow of private investment abroad, and over the past decade business has made a substantial response. From 1956 through 1958 our private foreign investment ran close to $3 billion. This year, however, the flow has bee cut back and may amount to no more than $2 to $2½ billion, in part because high interest rates have made the United States a less attractive place to borrow from. Nevertheless, one of the significant developments in recent years has been the revival of portfolio investment. A large number of foreign governments have been coming to the United States for money, including Belgium, Italy, Austria and Japan, to name a few of them. Recently the Credit Foncier of France floated $50 million of dollar bonds, part of which were bought by American accounts, to help finance French municipal housing. In addition, Canadian municipalities have long looked to the New York market for substantial funds, and of course you all know of the purchase of Canadian and European industrial securities by Americans.

Very few of the dollars arising out of transactions like these are spent directly for exports from the United States. Likewise a part of the *direct* investment made by United States business in branches and subsidiaries abroad is not tied to exports but initially represents a transfer of dollars to pay for plant and equipment in other countries.

Growing Repatriated Earnings

At the same time, in judging the full impact of foreign investment on our international balance sheet, we cannot forget the earnings received from such investment which create needed foreign exchange when they are brought back to the United States. These repatriated earnings also have been growing and now come to the quite large total of $2.6 billion a year. One could say, then, that from a balance-of-payments view our private foreign investment to a considerable extent merely represents a ploughing back of earnings received from previous investment.

In one other sense, however, some of the direct investment abroad could in the future have an adverse impact on the United States balance of payments. Many American companies are now establishing facilities in Western Europe, encouraged by the relatively low costs there, as well as by the development of the Common Market. Certain of these companies also are coming to regard Western Europe as a principal base for their exports to other areas. All this, of course, could in the future act to hold United States exports at a lower level than that at which they might otherwise be. I believe it is important to recognize these factors in assessing certain bills which are now before Congress with the objective of adding further stimulus to private foreign investment through special tax incentives. If such bills were to be adopted, it would seem to me to be advisable to limit any special incentives to the encouragement of investment in the under-developed countries. Today very little of United States foreign investment flows to areas like Southeast Asia and Africa. Rather the great bulk is directed to Canada and Western Europe, and to some of the more advanced countries of South America. I would question whether as a matter of public policy we should seek to stimulate artificially investment in heavily industrialized countries abroad, particularly in the face of our present problems.

Offers Certain Recommendations

Let me just recapitulate briefly by restating the balance-of-payments problem in very general terms. Our nation now has a small, favorable balance on its trade with other countries, but this is more than offset by heavy military spending abroad, plus a small amount of foreign aid which is not tied to exports, and in most recent years by a net margin of private foreign investment. The result today adds up to a sizable deficit in our total foreign payments. What can and should be done about it? From all points of view the most beneficial move would be to expand exports. I think this can be done, but probably not to the full extent necessary to solve the whole problem. Exports were clearly depressed over much of 1958 and early 1959 by the business slowdown in Western Europe. In recent months shipments have been reviving, and I think we shall see such items as cotton, aircraft and even machinery moving out in larger volume in 1960. In this regard it is important that we continue to press other nations to remove discriminatory restrictions that still stand against United States exports. Some nations have made a good start on this, but much remains to be done.

More will be required, however, than a mere passive acceptance of an expanding market abroad. I suspect that American business will have to take a fresh, hard look at export markets and seek more vigorously to cultivate them. There has been a tendency for many firms to look upon exports as merely an overflow from the domestic market. Products have not been tailored specifically for customers abroad; nor have marketing and servicing facilities been adequate. Moreover, through many postwar years American producers held an advantage in being able to quote earlier delivery dates. Now this advantage is gone. The plain truth is that the United States has not had to fight for exports as have many countries in Western Europe. Those days, I am afraid, are gone forever.

Many are familiar, of course, with the complaint that the United States has priced itself out of world markets. Certainly the inflationary move of the 'Fifties did us no good, and with some products — steel and automobiles, for instance—we no longer hold the competitive position we once possessed. But this nation has not priced itself out of world markets in any over-all sense. We still sell more abroad than any nation in the world; we are spending far more than any of our friends on the search for new products and now ways of doing things. World trade is never a static thing. It is made up of an ever changing mix —a mix in which the nation that develops something new gains an advantage. I am sure that we shall be shipping abroad over the next five years a whole host of items that have never entered into world trade before.

Yet, with all of this, the adverse position in our balance of payments has flashed a warning signal. It has told us that a nation which lacks discipline; which shuns hard, honest work; which looks for the easy way out through Government largesse—is a nation that is heading for trouble, no matter how great its initial power. Certainly the United States is no exception. It is more essential than ever that we avoid the easy path of inflation; that we hold our costs, our Government budgets and our prices under effective control. It is an awareness of this need, more than any other, which has caused the eyes of the nation to focus on the current debate in steel—a recognition that the interests of all the people, and not merely those of the individual disputants, are directly involved.

What Administration Has Done

I think we can say too that the Administration is alive to the facts and needs embodied in the balance-of-payments problem. It has taken already a number of steps that are traditional to meet such a problem; the budget is being balanced; a policy of tight money is being pursued; and interest rates are held high to encourage an inflow of funds. All these are important, but we can't be content to let matters rest. Every avenue needs to be explored.

What more, then, can be done, other than expanding exports, to bring further relief for the balance-of-payments problem? Clearly the answer does not lie in cutting foreign aid. Nor does it lie in moving backward to new forms of protectionism. Either of these moves would be a signal, not only to the Free World but to the Communists as well, that the United States is unwilling to pay the price or bear the burden of world leadership. Once started down this path, there is no telling where we might end, except that the chances for world domination by the Communists would have brightened immeasurably.

Quotes a European's Reaction

One of the political leaders of Europe told me recently that the United States today stood in a most curious yet critical position. "Here you are," he said, "more wealthy and in many respects more powerful than ever. Your national income has never been greater, your people have never been better off. Yet in the eyes of the world you are weaker. The Russians beat you into outer space and then to the moon. For a third of a year the most basic of your heavy industries lies idle. Now you are losing gold; the state-

ments of your own Treasury head have furnished some doubts as to the strength of the dollar; and you are threatening to pull back on your commitments to NATO. Is it any wonder, then," he added, "that the Free World is beginning to question whether you can provide the leadership we all so sorely need?"

Certainly the Free World continues to need our leadership — aggressive, forceful and constructive — and no matter what the problem with our balance of payments, we must exercise it. No other nation has the resources, the basic strength and the outreach to take over the responsibility from us. It is up to each and all of us to demonstrate that our nation has the will and the moral fibre to meet our great obligations. The world we lead today is vastly different from that of a decade ago—due in great measure to the farsighted policies which our nation has pursued in the past. Rather than a weak Europe, threatened from within and without, we see a vigorous community, exploring new political and economic forms, and growing more rapidly even than we. In Asia and Africa new nations have climbed to their knees but continue to need a helping hand if they are ever to rise to their feet. And to the south of us our neighbors also show progress, but again they require not only inner discipline but also outside assistance. We have, therefore, not only an East-West problem but, as Sir Oliver Franks puts it, "a North-South" problem: the old adjustment between the "haves" and the "have-nots."

There is certainly no room for complacency in all of this. The European world has been more than rehabilitated and is at present imbued with a new spirit of energy. The other world, however, the Communist world that would bury us, also has been hard at work. And today we find ourselves confronting a monolithic, dynamic force that is more assertive than ever of its eventual triumph.

Confronted with this heavy and unrelenting challenge, and with the changes that have been wrought in the West, I believe the time has come for a new look at the political and institutional arrangements we have in effect for strengthening the Free World. I have in mind particularly the arrangements for marshalling the resources necessary for defense and economic aid. There was a time when the major problem involved allocating resources which the United States largely could make available. OEEC was developed and later NATO and SEATO. As time went on, the United States undertook a broader aid program and Britain joined with others in the Colombo Plan. Nor should we forget the aid which France, even when hard pressed, gave to her overseas territories.

Suggests Pooling Free World Resources

All of this is to the good. But it has lead today to a scattered, disparate use of available resources. No longer is the United States the sole nation with a considerable margin of strength to throw into the balance. Western Europe has come to the point where it too can shoulder substantial responsibility for economic and military aid. The problem is how to join all the avaliable resources, including brains, in a common pool which can be effectively allocated among all the pressing needs. We have to check the disparate forces. We have no institutional arrangement today which can accomplish this. NATO, OEEC, the Colombo Plan—none of them is broad enough. What is needed is an organization which joins North America to Europe to deal with the problems of the Atlantic world as well as their relations with the less developed lands. It could be a regional organization both in terms of politics and economics. An organization of this compass could then look to the whole range and weight of economic forces throughout the Free World and see that they are effectively deployed and held in balance.

It would not be too much to ask, in these circumstances, that Western Europe take over the financing of part of the local expenditures the United States incurs in maintaining military establishments within the European area. This would certainly go a long way to assist our balance of payments. And in return we might expand shipments, under both military and economic aid, of items our nation is best qualified to produce and export. Here is an example of the type of coordination which the Free World must undertake if it is actually to realize the progress that will be required. Moreover, it would tend to coordinate not only our economic, but also our political, direction.

Says Need Is for More, Not Less, Aid

The need is not for less aid; if anything, it is for more. And we of the Western Hemisphere and the Europeans are quite rich and strong enough to afford it. But we have moved to the point where a greater measure of over-all planning and coordination must be introduced into the process. Balance-of-payment factors cannot be ignored, but they would be dealt with automatically in such a coordinated effort. They would take their place as a concomitant of a Free World's consideration of its joint problems. They would not dictate policy but be submerged into it. To have it otherwise would be to unlearn all the lessons of the Twentieth Century, assimilated at such pain and at such great cost. I have faith that the peoples of the West will grasp this truth, and that one way and another we shall make the adjustments that permit us to move forward.

To accomplish this consolidation of Free World strengths we need new forms. It is time, I feel, that we should use our good offices to put an end to the incipient economic schism which is developing in Europe. The so-called sixes and sevens, which have arisen, it seems, through a combination of French hesitancy and British traditionalism regarding a Continental coalition, embody the beginnings of a political division which would start Europe in precisely the opposite direction from that in which it should now be traveling. New forms are needed to cope with the problems not only of Europe but of Britain, America and the Western Hemisphere. The composition of economic problems in Europe was very well worked out in the postwar period through the operation of OEEC, and some such form should in my judgment be set up to deal with similiar problems of the entire Atlantic world. With such an organization the matter of our imbalance of payments might have been anticipated and composed.

In this case our deficit would have been set in a perspective which would have reduced its significance as a factor in our whole defense policy (which it threatened to become recently, when the early withdrawal of our forces or a substantial portion of them from Europe apparently was contemplated as a means of alleviating the imbalance). New organizational forms are needed to consolidate our Free World strength and make more distinct our whole posture toward both the underdeveloped world and the Communist powers.

Sermonizes a Little

And now let me sermonize a little:

The nation and the free world still face heavy challenges. To meet these we must have a new statesmanship and new forms, but it is even more important that we exert new disciplines—or perhaps revive old ones.

We shall not match and overcome the challenge of the new spirit and mass energy of the Sino-Soviet bloc, with its vast resources of material and manpower, by continued emphasis on increased leisure on our part. It will require the statesmanship I have been speaking of, buttressed by an intensive, inspired and continuous effort on the part of the ordinary citizen to make himself both more knowledgeable and more productive, if we are to preserve what we might call the good life on this increasingly finite planet. We may have to postpone for a while the flight to suburbia and security if we are to cope with some of the imperatives with which the modern world confronts us.

I hope I have not struck too pessimistic a note. I do not intend to, for though I see a well-defined challenge ahead—of which our balance-of-payments problem is only a part—I believe I also see a well-defined reply to it.

What it demands is the expenditure of greater thought, energy and persuasion. I see that Drew Pearson has collaborated in the writing of a book dealing with the forces which are playing about the world and it is called, I believe, "USA — A Second-Class Power?" We are far from a second-class power. We only could be!

*An address by Mr. McCloy before the Investment Association of New York, New York City, Dec. 15, 1959.

With Hill & Co.

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Ira Moskowitz is now with Hill & Co., Carew Tower, members of the New York and Cincinnati Stock Exchanges.

With Joe K. Matheson

(Special to THE FINANCIAL CHRONICLE)

HICKORY, N. C.—Elizabeth A. Walker and Betty D. Canupp have joined the staff of Joe K. Matheson, 256 Third Avenue, N. W.

United Securities Adds

(Special to THE FINANCIAL CHRONICLE)

GREENSBORO, N. C.—John F. Davis, Jr., has become affiliated with United Securities Company, Southeastern Building.

With John A. Kemper

(Special to THE FINANCIAL CHRONICLE)

LIMA, Ohio—C. Franklin Wood is now affiliated with John A. Kemper & Company, 121 West High Street, members of the Midwest Stock Exchange.

Joins Frank Walker

(Special to THE FINANCIAL CHRONICLE)

MARIETTA, Ohio—James L. Adkins has joined the staff of Frank L. Walker & Co., Peoples Bank Building.

James Thorne Opens

LOGAN, Utah—James P. Thorne has opened offices at 580 South Sixth Street, East to engage in a securities business.

In Investment Business

REGINA, Sask., Canada—Berry & Gladstone Investments Ltd. is engaging in a securities business from offices at 1950 Broad Street. Officers are Walter E. Berry, President, and Wilfrid G. Rumball, Secretary-Treasurer.

Joins F. I. du Pont

Andrew I. Namm has become associated with Francis I. du Pont & Co., 1 Wall Street, New York City, members of the New York Stock Exchange. Mr. Namm was formerly an official of Namm-Loeser's, Brooklyn department store.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Louisville Gas & Electric Company

Louisville Gas & Electric, which traces its ancestry back to the Louisville Gas Company in 1938, was formerly part of the Standard Gas & Electric system. With annual revenues of nearly $63 million it serves a population of 665,000 in Louisville, Kentucky, and vicinity. Revenues are 63% electric and 37% gas. Industrial sales provide about 42% of electric revenues, commercial 17%, residential 30% and wholesale 3%. However, the overall electric-gas industrial load account for only 32% of total revenues.

Louisville is an important rail center, and the distributing point for a large tobacco-growing region. Industrial growth, largely in chemicals, has been outstanding in the last decade. Other industries include the manufacture of carbide products, aluminum and tin foil, plumbing products, tobacco and distilling. Large industrial customers include Air Reduction, duPont, International Harvester, Goodrich Chemical, Reynolds Metals, General Electric, Ford, American Radiator, etc.

The company has enjoyed substantial growth with revenues increasing about 133% in the past decade. Population in Louisville and Jefferson County, Kentucky, increased about 54% during the period 1940-58, or about 1.6 times as much as the average U. S. growth. The company's research department has forecast an increase of 41% in area population by 1975, or about 1.5 times the anticipated national average increase.

Louisville G. & E. derives some non-regulated income from its large, mechanized coal mine and its 7% equity interest in Ohio Valley Electric Corp. The latter operates two huge steam plants which supply nearly all the power requirements of the AEC gaseous diffusion plant at Portsmouth, Ohio. In 1957 net income from these two sources amounted to about 14¢ a share.

System generating capacity currently aggregates 820,000 kw., of which 80,000 kw is hydro. Since the company's peak load in 1959 was only 627,000 kw, no additional generating facilities will be needed until 1962, when a 150,000 kw plant will go into operation. A new line to OVEC's plant at Madison, Indiana, has been completed, which will furnish effective interconnection with that system and others. The company has reduced fuel costs by developing low freight rates for delivery of coal on a trainload basis (coal can also be brought in by barge). Like many other utilities, Louisville G. & E. is promoting electric house heating and a special rate of 1.5¢ per kwh was made available in 1958 compared with the residential end rate of 2¢.

The company's gas division is a substantial part of the total business. Some 95 million cf is obtained daily from Texas Gas Transmission, 26 million from Tennessee Gas Transmission, and 22 million from Kentucky-West Virginia Gas. The gas division has been greatly aided by the development of underground storage facilities. The company's Muldraugh Reservoir near Fort Knox was one of the country's first storage projects, dating back to the 1920s. Other projects have been successfully developed until now half of peak load requirements can be drawn from storage, and the company is continuing this development. It is also trying to improve its load factor by promoting sale of gas with a special off-peak rate under which gas is available for nine months of the year, and a dual-fuel rate which allows interruptions in extremely cold spells. The gas division has done very well with househeating sales despite Louisville's proximity to the coal fields; the saturation of residential heating has increased from 12% to over 75% in about 20 years.

The company has an above average equity ratio — 43.5% which has been built up from 25.7% in 1949. Presumably share earnings would have increased more rapidly if the original high leverage had been retained. Book value has increased from $8.94 in 1949 to $20.39 in 1958. It appears unlikely that new equity financing will be required for several years.

Earnings for 1959 should approximate $2.43 per share (the amount earned in the 12 months ended September 30) according to President Armstrong. This compares with $2.22 in 1958 and $1.83 in 1957. (In earlier years growth in share earnings had been slower, the $1.68 earned in 1954 being the same as that reported for 1949). In 1957 the company asked for an increase of $2.7 million in electric rates and $1.7 million in gas rates. There was no opposition and the increases were allowed in full, amounting to about 65¢ a share. The Kentucky Commission indicated that the new rates would afford a return of 6.28% on net investment.

The continued gain in share earnings in 1959 was due in part to air conditioning sales resulting from abnormally warm summer weather. The industrial load also increased substantially over 1958 (when the first-half recession had retarded sales) and over 5,000 new homes were added to the company's lines. The dividend rate was recently increased to $1.40 compared with $1.30 previously. Since 1954 the dividend rate has been raised each year—the last three increases being 10¢ per share.

Louisville G. & E. has been selling recently around 41, the 1959 range approximating 45-37 and the 1958 44-28. (The record low of the past decade was 12 in 1949). At the recent price the yield based on the increased dividend rate is 3.2%, the low return being due perhaps to the very low payout of about 53%. The price-earnings ratio is about 16.9 or slightly above average.

Kingsley Barham III Now in Shreveport

SHREVEPORT, La. — Kingsley Barham III is engaging in a securities business from offices at 3109 Alexander. Mr. Barham formerly conducted his own investment business in Florida and New York.

Arkay International

RICHMOND HILL, N. Y.—Arkay International, Inc. is engaging in a securities business from offices at 88-06 Van Wyck Expressway.

Two With Reinholdt Firm

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Charles P. Krause and John H. Siegel have been added to the staff of Reinholdt & Gardner, 400 Locust St., members of the New York and Midwest Stock Exchanges.

Money and Capital Outlook And the Mortgage Market

Continued from page 3

this year as compared with last. There is little need to explain that the abrupt change has resulted from the difference in Federal Reserve policy in the two years. Quickly in 1958, with the onset of business recession, the reserve position of member banks was permitted by the authorities to move to net free reserves of about $500 million and was maintained at this level through August. The reserves of member banks were then restricted by the monetary authorities, and by the end of 1958 the banks had moved into a small net borrowed reserve position as the screws of credit restraint were tightened. By Spring of this year the net borrowed reserves of the banks reached the $500 million range which has been maintained in subsequent months.

The effect of Federal Reserve policy may be seen by referring to Tables II and III. Table III shows that in 1959 commercial banks will add about $800 million to their holdings of state and local government securities, whereas in 1958 (as shown in Table II), they increased their holdings of such securities by $2.6 billion. Note the tremendous shift that has occurred in the case of U. S. Government securities. It now appears that this year, faced with the need to raise funds to increase their business and consumer loans, the banks will reduce their holdings of U. S. Governments by $6 billion. In 1958, equipped with ready reserves, the banks **added** $8.1 billion to their holdings of Governments. This is an enormous swing over a two-year period. This has been a comparatively big mortgage loan year for commercial banks, with 1-4 family mortgage holdings rising an estimated $1.7 billion and other mortgages $1.5 billion. This year, as business conditions have improved, commercial and industrial loans will rise by an estimated $4 billion, as compared with a decline of $100 million in 1958. Moreover, consumer credit extended by banks will rise an estimated $2.5 billion, as compared with $100 million last year. In sum, as the result of restrictive monetary policy, the total increase in loans and investments of banks will be around $10 billion less this year as compared with 1958. The substantial increase of commercial and industrial loans and consumer credit this year, despite a tight reserve position, has been made possible by a heavy liquidation of holdings of U. S. Government securities.

Also, as a reflection of Federal Reserve policy, the open market purchases of Government securities by Federal Reserve Banks have been $900 million less this year than last.

In the case of state and local government funds, there has been a substantial increase of $700 million more in available funds this year than in 1958. As is apparent in Tables II and III, the main beneficiary of this increase has been the U. S. Government. The Federal trust accounts, such as the Old Age and Survivors Insurance Fund and the National Service Life Insurance Fund, have on balance liquidated some of their holdings of Government securities this year, as was the case last year. The Federal loan agencies, such as FNMA and the Federal Land Banks, have put a substantially greater amount of funds into the market this year. Most of this has, of course, been FNMA purchases of 1-4 family mortgages. Fire and casualty insurance companies show a modest increase this year.

There has been much discussion of the greater role played by corporations in the loanable funds markets this year, and the tables bears this out. As shown in Table I, corporations increased their loans and investments by an estimated $10.3 billion this year as compared with $5.0 billion in 1958, or a rise of $5.3 billion. The explanation is, of course, the rapid improvement of corporate profits as business activity has steadily improved until interrupted by the steel strike. As can be seen from Tables II and III, corporations have increased their holdings of Government securities by an estimated $4.5 billion this year, as compared with $1.0 billion last. The net extension of business credit by corporations in 1959 is likely to be substantially less than last year, but the net increase in consumer credit extended by corporations has risen to an estimated $2.4 billion, as compared with a net liquidation of $300 million last year. The question may well be raised as to how high rates on shorter-term Government securities might have gone had it not been for the heavy purchases by corporations which aided immeasurably to offset liquidation of Governments by commercial banks. At the same time, the U. S. Treasury may, as discussed later, be living on borrowed time inasmuch as corporations cannot be expected to maintain their heavy holdings of Government securities in coming months.

The net increase in availability of funds from foreigners is a startling figure this year. As shown in Table I, it amounts to an estimated $3.8 billion, as compared with less than $50 million in 1958. As shown in Table III, most of these funds have been invested in U. S. Government securities and have contributed much to aiding the Treasury in meeting its financing problems. The increase of foreigners' investments is, of course, a reflection of our adverse balance of payments under which foreigners have been able to build up their balances here. Comparatively high interest rates on shorter-term U. S. Government securities have attracted these funds, which otherwise might have been withdrawn and thus have led to a larger outflow of gold. The substantial foreigners' investment in the United States this year points up the increased significance of the need to manage the financial affairs of the U. S. Government to inspire confidence in the stability of the value of the dollar abroad, as well as at home.

The final item included in sources of funds in Table I is "individuals and others." This includes not only individuals but also unincorporated business and other miscellaneous sources. It is also the repository of all the statistical shortcomings in these accounts. As shown in Table I, individuals and others, as might have been expected in a period of strong business recovery, greatly increased the net amount of funds made available in the markets, the figure rising from $2 billion in 1958 to an estimate $11.4 billion in 1959. Tables II and III show the principal differences in the two years. It is noteworthy that individuals' and others' holdings of U. S. Government securities rose an estimated $3.4 billion this year, as compared with a net liquidation of $3.1 billion in 1958. Similarly, their holdings of Federal agency securities rose an estimated $1.7 billion this year, as compared with a net liquidation of $300 million last year. Their holdings of state and local securities have also increased at a much greater rate this year than last.

Turning now to the uses of loanable funds, it is significant that, despite the general business recovery, the outstanding volume of corporate bonds will increase only $4 billion this year, as compared with $6 billion in 1958. This is the product of a number of forces such as the great increase in corporate profits which has lessened the need to sell bonds, the comparatively high level of long-term interest rates which has discouraged the funding of short-term borrowing, and the slowness of corporations to expand their plant and equipment spending this year because of great productive capacity built in 1956-57, as well as the depressing influence of the steel strike. The net increase of corporate stocks outstanding will probably rise sharply in 1959 as compared with 1958.

Despite a hefty estimated increase of $5.3 billion in outstanding state and local government bonds this year, the figure is $600 million below the increase of $5.9 billion last year. The great importance of the Federal Government as a user of loanable funds this year is shown by the fact that it will drain the markets of $8 billion, the same amount as in 1958. Both of these figures are the legacy of the huge budget deficit brought about during the business recession of late 1957 and the first half of 1958. Moreover, these figures on the net use of funds by the Federal Government fall short of telling the full story of the pressures exerted in the markets by Federal financing, for they do not provide any measure of the refinancing which the Treasury has had to do with $76 billion of its debt now coming due in one year or less.

Federal agencies are also sharply increasing their demands on the money and capital markets this year, with the net new demand rising to $2 billion as compared with a repayment of $500 million of debt in 1958. The Federal agencies include FNMA, the Home Loan Banks, and similar agencies.

The use of capital funds for the financing of 1-4 family mortgages is expected this year to be $14 billion, the largest increase in residential mortgage debt in any year in history. This is $3.7 billion more than last year. Other mortgages, mainly commercial and industrial, show an increased use of funds this year over last.

As might be expected in a business recovery period, the extension of business credit increased sharply this year to $7 billion, as compared with $4.4 billion in 1958. These figures include not only bank loans to business but also trade credit by business concerns.

Table I also shows the sharp rise in consumer credit which has taken place this year—$5.5 billion—as compared with a net increase of only $300 million in 1958. Finally, "all other loans" such as loans on securities, increased $1.3 billion less this year than in 1958.

The review which we have made of sources and uses of loanable funds in 1959 indicates that interest rates have risen for the following reasons: (1) heavy demands for loanable funds have tended to exceed the available supplies; and (2) the monetary authorities have been required to restrict the availability of bank credit, and hence the money supply, in order to avoid a resurgence of inflations. Since early September there has been somewhat more ease in the markets for loanable funds due to the depressing effects of the steel strike, as well as a growing belief after the successful issue of the "magic fives" that the Treasury might be "over the hump" in its financing problems. The question, then, is what will be the availability of credit and the future of interest rates in 1960.

The Money and Capital Market Outlook in 1960

As is always the case, the outlook for the money and capital markets depends basically upon the general business outlook. Accordingly, let us first appraise the business outlook for 1960.

In the second quarter of this year the GNP had risen to a record annual rate of $484.5 billion, just $50 billion higher than it was in the second quarter of 1958 during the recession. As the result of the steel strike, GNP declined noticeably to an annual rate of $478.6 billion in the third quarter. Similarly, the Federal Reserve Board index of industrial production had risen to 155 in June, but by October had fallen back to 149. The effects of the steel strike will be felt again in the fourth quarter, with GNP and the FRB index possibly going to lower levels. However, despite the uncertainties which still surround the steel industry, I believe that a settlement will be reached prior to the end of the 80-day injunction period. Accordingly, I believe we are now at the beginning of a resumption of the general business upturn which was in process when the strike began.

There are a number of forces which should drive our national economy ahead to new highs in 1960. One of the strongest factors in the recovery from the recession of late 1957 and early 1958 was the buildup of business inventories. The inventory picture swung from liquidation of inventories at an annual rate of nearly $7 billion in the first quarter of 1958 to an annual rate of accumulation of over $6 billion in the first quarter of 1959 and $10.4 billion in the second quarter this year. In the third quarter of this year inventories were again liquidated at an annual rate of $1 bil-

TABLE I

Sources and Uses of Loanable Funds, 1958-1959

(In billions of dollars)

	1958	1959	Change
Sources of Funds—			
Life insurance companies	4.9	5.2	+0.3
Savings and loan associations	6.2	8.5	+2.3
Mutual savings banks	2.5	1.9	—0.6
Corporate pension funds	2.7	2.9	+0.2
Commercial banks	15.2	5.0	—10.2
Federal Reserve Banks	2.1	1.2	—0.9
State and local funds	2.6	3.3	+0.7
Federal trust accounts	—0.9	—1.0	—0.1
Federal loan agencies	0.6	2.1	+1.5
Fire and casualty insurance companies	0.9	1.1	+0.2
Corporations	5.0	10.3	+5.3
Foreigners	*	3.8	+3.8
Individuals and others	2.0	11.4	+9.4
Total sources	43.8	55.7	+11.9
Uses of Funds—			
Corporate bonds	6.0	4.0	—2.0
Corporate stocks	2.1	2.8	+0.7
State and local securities	5.9	5.3	—0.6
Federal Government obligations	8.0	8.0	--
Federal agency obligations	—0.5	2.0	+2.5
1-4 family mortgages	10.3	14.0	+3.7
Other mortgages	4.6	5.7	+1.1
Business credit	4.4	7.0	+2.6
Consumer credit	0.3	5.5	+5.2
All other loans	2.7	1.4	—1.3
Total uses	43.8	55.7	+11.9

NOTE—Because of rounding, components may not add to totals shown.
*Less than $50 million.

TABLE II

Sources and Uses of Funds in the Capital Market in 1958

(In billions of dollars)

SOURCES OF FUNDS	Securities					Mortgages		Loans and Credit			
	Corp. Bonds	Corp. Stocks	State Local	U. S. Govt.	Federal Agency	1-4 Family	Other	Business Credit	Consumer Credit	All Other	Total Sources of Funds
Savings Institutions:											
Life insurance cos.	2.2	0.1	0.3	0.2	*	0.9	0.9	--	--	0.3	4.9
Savings & loan assoc.	--	--	--	0.6	*	5.2	0.3	--	--	--	6.2
Mutual savings banks	0.6	0.1	*	—0.3	*	1.5	0.6	--	--	0.1	2.5
Corp. pension funds	1.3	1.3	--	*	*	0.1	--	--	--	--	2.7
	4.1	1.5	0.3	0.5	—0.1	7.8	1.8	--	--	0.4	16.3
Banking System:											
Commercial banks	—0.1	--	2.6	8.1	0.1	1.3	0.9	—0.1	0.1	2.4	15.2
Federal Res. Banks	--	--	--	2.1	--	--	--	--	--	--	2.1
	—0.1	--	2.6	10.2	0.1	1.3	0.9	—0.1	0.1	2.4	17.4
Govt. institutions:											
State and local funds	1.6	--	0.5	0.3	*	0.1	0.1	--	--	--	2.6
U. S. investmt. accts.	--	--	--	—0.9	*	--	--	--	--	--	—0.9
Fed. loan agencies	--	--	0.2	*	*	*	0.3	--	--	--	0.6
	1.6	--	0.7	—0.5	*	0.1	0.4	--	--	--	2.2
All Other Investors:											
Fire & cas. ins. cos.	0.1	0.1	0.7	—0.1	*	--	*	--	--	--	0.9
Corporations	--	--	--	1.0	—0.2	--	--	4.5	—0.3	--	5.0
Foreigners	*	—0.1	--	*	--	--	--	--	--	--	*
Individ'ls and others	0.2	0.6	1.5	—3.1	—0.3	1.1	1.6	--	0.5	--	2.0
	0.3	0.6	2.3	—2.1	—0.5	1.1	1.6	4.5	0.2	--	7.9
Total uses of funds	6.0	2.1	5.9	8.0	—0.5	10.3	4.6	4.4	0.3	2.7	43.8

NOTE—Because of rounding, components may not add to totals shown. *Less than $50 million.

lion—the result, of course, of the steel strike and attendant uncertainties. I believe that as we move into 1960 there will be a resumption of the fast pace of building inventories, which will not only stimulate the economy but will also expand the demand for credit.

Consumer expenditures should continue their rise in 1960, particularly as the markets for durables seem likely to be good. The new automobile models seem to have had a good reception and orders are being made at a brisk pace. The steel strike has created difficulties in that it has forced a cutback of car production just when purchasers have become interested. In spite of this, there seems to be a general acceptance among analysts of the automobile market that sales may run as high as seven million cars this year, including the imports. The further strain on the supply of consumer credit which this suggests is clear.

So far as the plans of business and industry to build new plant and equipment are concerned, the SEC-Department of Commerce survey indicates that the total of expenditures for plant and equipment this year will rise to $33½ billion, or 9% above such outlays in 1958. The SEC-Commerce survey, as well as other surveys conducted by McGraw-Hill and the National Industrial Conference Board, indicate that business and industrial expenditures may be expected to rise further in 1960 to around $37 billion, or about another 10% increase.

I would guess that residential construction will be somewhat lower in 1960, with the decline being in the order of 10%. The principal reason will be reduced availability of financing, which I shall discuss presently. Even so, next year should be a very good housing year at around 1.2 million starts.

Despite all the talk about economy in government spending, I believe that Federal, State and local government purchases of goods and services will continue next year the steady rise which has been characteristic of recent years. This will be especially true of State and local government purchases.

As is clear, I am bullish about business activity in 1960. Once the effects of the steel strike are out of the way Gross National Product should resume its rise. My guess is that by the third or fourth quarter of 1960 GNP will have risen about 10% to an annual rate of about $525 billion. In this type of economy we shall obviously have full employment of our resources and there will undoubtedly be upward pressures on the general price level. Under the circumstances, the Federal Reserve authorities will be required to keep a tight rein on the availability of credit.

What, then, are the implications of the general business outlook for the money and capital markets? For one thing, commercial bank credit should remain extremely tight as loans are expanded to finance inventory accumulation and consumer spending. Banks will continue to sell government securities in order to meet credit demands. The tightness of credit will serve to limit inventory accumulation and consumer purchases.

Even though business and industrial plant and equipment spending will probably rise in 1960, this does not necessarily mean that the volume of corporate bond offerings will increase sharply. The reason is that corporations have large holdings of liquid assets, and some of their capital requirements can be met by disposing of these assets. Also, much of the expansion of plant and equipment can be financed from retained earnings. In spite of this, there will undoubtedly be some increase in corporate borrowing because there will be many business concerns that will not be able to meet their needs from retained earning or liquid assets. Therefore, I would expect to see some upward pressure on corporate bond yields as the year goes on. Moreover, mortgage financing of business and industry should continue at a vigorous pace next year.

Similarly, I would expect to see a higher volume of bonds issued by State and local government units next year, which should maintain the pressures in this area of the market.

For those who are hoping for some easing in the general availability of credit, the changing fiscal position of the Federal Government offers a possible ray of hope. Although the effects of the steel strike on Federal revenues may prevent the Federal budget from coming fully into balance, we shall, nevertheless, move from a budgetary deficit of $13 billion in fiscal 1959 to approximately a balanced budget in the current fiscal year. This means that for calendar year 1960 there will be little, if any, net new money financing by the Federal Government. It will be recalled that the government drained $8 billion from the capital market this year and the same amount in 1958. Accordingly, the absence of the U. S. Treasury as a new money borrower should, at first glance, make room for other capital demands.

During the first half of calendar 1960 the U. S. Treasury can be expected to run a substantial seasonal surplus, so that it will be retiring several billion dollars of its debt in this period. Many observers are counting on this to create a measure of ease in the money and capital markets. However, this hope may turn out to be a rather empty one. Business corporations today hold approximately $7 billion of shorter-term government securities in excess of their expected tax liabilities, and a substantial part of these holdings will undoubtedly be liquidated to raise the funds to finance inventories and plant and equipment. The Treasury may in fact be hard put to generate enough surplus in the first half of 1960 to retire its debt fast enough to offset the flow of government securities being made available in the market by corporations. In the second half of 1960, moreover, the Treasury will be a net borrower again on a seasonal basis. So, I am not fully persuaded that we can count on the balanced Federal budget to give us much credit relief.

Moreover, credit and capital market conditions in coming months are going to be affected by certain "backlog" elements. Life insurance companies, savings and loan associations, savings banks, and other institutions have a heavy backlog of forward commitments to buy bonds and mortgages. The commercial banking system is to a large extent already pretty well "loaned up." These backlog elements are bound to have an effect upon the ability of lending institutions to make new commitments.

Accordingly, insofar as the general outlook for the money and capital markets is concerned, I expect that tightness will continue and that interest rates will remain firm and may even rise somewhat during the course of next year.

Residential Mortgage Market

Turning specifically to the residential mortgage market, I agree fully with the general expectation that there will be a somewhat reduced availability of home mortgage funds next year. This certainly seems to be true for the mutual savings banks, which, as the result of a slower rate of deposit increase and the need for somewhat greater liquidity in the face of competition for existing savings by the Federal Government, have lost some of their appetite for mortgages. It is also true of commercial banks due to the pressures on their reserve positions and the greater attractiveness of commercial and industrial loans and consumer credit.

In the case of the life insurance companies, new commitments to make residential mortgage loans (both conventional and FHA) have held up remarkably well in spite of competing demands by business and industry. The net yields on home mortgages still are fairly competitive with industrial loans. As the months go on, I would expect life companies to shift their investment emphasis somewhat more to business and industrial financing, but at the same time, I expect that there will be a substantial flow of new money and repayments into home mortgages. One thing that perhaps should be pointed out is that the life companies generally tend to reinvest mortgage amortization and other repayments in home mortgages, and this is a substantial sum in itself. I believe that this would also be true of other mortgage lending institutions.

It goes without saying that the savings and loan associations will have another big year in 1960. Their growth this year has been startling. Through August they added $5.2 billion to their holdings of mortgages, and if they behave in the remainder of this year as in the final four months of 1958, they may wind up the year with a net increase of $7.7 billion in their mortgage holdings. This record is based not only upon the great growth of share capital, but also on borrowing from the Home Loan Banks and a reduction in holdings of cash. It is perhaps too much to expect the savings and loan business to maintain their rapid growth rate in 1960, but certainly it will be a tremendous source of mortgage credit.

The key to the strength of the mortgage market in 1960 lies mainly in the extent to which there is a rise in business and industrial demand for funds, as well as the degree to which Federal retirement of debt in the first half of the year eases the money market. As indicated earlier, there is likely to be some increase in corporate demand, but not of major proportions. So far as the Treasury is concerned, it is my own belief that the seasonal surplus in the first half of 1960 will fail to provide any real measure of easing because of liquidation of governments by corporations.

The outcome of all the forces is difficult to appraise, but I would guess that on the basis of existing commitments and the availability of new commitments in 1960, housing starts would run around a figure of 1,200,000, down about 10% from the high figure of about 1,350,000 this year. The somewhat lower level is not only a reflection of moderately reduced availability of financing, but it is also a recognition that construction credit may be one of the limiting factors because of the tightness of bank credit.

Summary and Conclusions

In summary, a review of the money and capital markets in 1958-59 shows that the uses of loanable funds have been pressing against the available supply and that this has been the fundamental reason for the general rise of interest rates. A restrictive credit policy by the money authorities has played an important role in the rise of rates, but the basic force has been the enormous demands for funds.

The outlook in 1960 for the money and capital markets depends fundamentally upon the general business outlook. It now appears that, on the basis of business inventory accumulation, a stepup in business and industrial plant and equipment expenditures, rising consumer spending, well maintained spending by all levels of government, and other factors, general business activity will rise gradually through much of 1960, so that in the third or fourth quarters GNP will reach a level around $525 billion, full employment will exist, and inflationary pressures will be present.

Under these circumstances, demands for loanable funds will remain at very high levels, and they may very likely show further increase. It seems likely, therefore, that interest rates will remain firm next year and they may even move upward moderately.

Because of competing demands in other sectors of the market for loanable funds, notably business and industrial financing, the availability of home mortgage financing is likely to be moderately reduced next year, and it is my guess that as a result housing starts may decline about 10% to a level of approximately 1,200,000.

*An address by Dr. O'Leary before the Mortgage Workshop of The American Bankers Association, New Orleans, La.

TABLE III

Sources and Uses of Funds in the Capital Market in 1959

(In billions of dollars)

SOURCES OF FUNDS	Securities: Corp. Bonds	Corp. Stocks	State Local	U. S. Govt.	Federal Agency	Mortgages: 1-4 Family	Other	Loans and Credit: Business Credit	Consumer Credit	All Other	Total Sources of Funds
Savings Institutions:											
Life insurance cos.__	2.0	0.2	0.6	—0.1	0.1	1.2	0.9	--	--	0.4	5.2
Savings & loan assoc.	--	--	--	0.8	*	6.9	0.8	--	--	--	8.5
Mutual savings banks	—0.1	0.1	*	—0.1	0.1	1.2	0.6	--	--	0.1	1.9
Corp. pension funds	1.0	1.5	--	0.2	0.1	0.1	--	--	--	--	2.9
	2.9	1.8	0.6	0.8	0.3	9.4	2.3	--	--	0.5	18.5
Banking System:											
Commercial banks__	*	--	0.8	—6.0	—0.5	1.7	1.5	4.0	2.5	1.0	5.0
Federal Res. Banks	--	--	--	1.2	--	--	--	--	--	--	1.2
	*	--	0.8	—4.8	—0.5	1.7	1.5	4.0	2.5	1.0	6.2
Govt. institutions:											
State and local funds	1.0	--	0.5	1.5	0.1	0.1	0.1	--	--	--	3.3
U. S. investmt. accts.	--	--	--	—1.0	*	--	--	--	--	--	—1.0
Fed. loan agencies__	--	--	*	*	*	1.8	0.3	--	--	--	2.1
	1.0	--	0.5	0.5	0.1	1.9	0.4	--	--	--	4.4
All Other Investors:											
Corporations ______	--	--	--	4.5	0.4	--	--	3.0	2.4	--	10.3
Fire & cas. ins. cos.	*	0.2	0.8	0.1	*	--	*	--	--	--	1.1
Foreigners ________	*	0.3	--	3.5	--	--	--	--	--	--	3.8
Individ'ls and others	0.1	0.5	2.6	3.4	1.7	1.0	1.5	--	0.6	--	11.4
	0.1	1.0	3.4	11.5	2.1	1.0	1.5	3.0	3.0	--	26.6
Total uses of funds___	4.0	2.8	5.3	8.0	2.0	14.0	5.7	7.0	5.5	1.4	55.7

NOTE—Because of rounding, components may not add to totals shown. *Less than $50 million.

Conrad Brook Opens

HARTFORD, Conn.—Conrad M. Brook is conducting a securities business from offices at 22 Evergreen Avenue.

Form Fontana Secs.

BROOKLYN, N. Y.—Fontana Securities, Inc. has been formed with offices at 2123 East 35th Street to engage in a securities business. Officers are Frances Fontana, President and Treasurer, and Vincent J. Coppa, Secretary.

William M. McKelvy

William M. McKelvy, partner in McKelvy & Co., Pittsburgh, passed away Dec. 12th.

Ferdinand A. Straus

Ferdinand A. Straus, member of the New York Stock Exchange, passed away Dec. 17th.

Ralph W. Ervin Sr.

Ralph W. Ervin Sr., associated with Walter Stokes & Co., Philadelphia, passed away Dec. 17th, at the age of 72.

With Francis I. du Pont

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Arthur R. Croft has become connected with Francis I. du Pont & Co., Securities Building.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C. — John N. Dross has become connected with Bache & Co., Johnston Building.

With Irving J. Rice

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—Roy T. Ziegler has joined the staff of Irving J. Rice & Company, Pioneer Bldg.

McCarley Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ASHEVILLE, N. C. — Madison E. Lloyd has become affiliated with McCarley & Company, Inc., 35 Page Avenue.

Joins McCarley Staff

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Mrs. Edna M. Stephenson has joined the staff off McCarley & Company, Inc., Liberty Life Building.

Now Liberty Investors

The firm name of Kane, Marks & Co., 48 West 48th Street, New York City, has been changed to Liberty Investors Corporation.

With H. L. Emerson

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Mrs. Constance O. Dewey has joined the staff of H. L. Emerson & Co. Incorporated, Commerce Building, members of the Midwest Stock Exchange.

Newhard, Cook Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — James A. Kearns, Jr., has become connected with Newhard, Cook & Co., Fourth & Olive Streets, members of the New York and Midwest Stock Exchanges.

STATE OF TRADE AND INDUSTRY

Continued from page 4

Russian percentage of total world steel output remained about the same in 1958 as in 1959. U. S. output was 28% of the total, the Soviet bloc 30%, and the USSR production 20%.

The magazine points out, however, that the figures could be misleading because U. S. production is geared to demand, while the Soviet output reflects gains in steelmaking capacity.

For the year, the Soviet bloc produced about 99 million tons, substantially more than the U. S. output of 92 million tons.

Referring to the steel labor stalemate, the "Iron Age" says the government probably will not allow another walkout when the Taft-Hartley injunction ends Jan. 26. But it cautions the strike could resume because of possible lethargy, lack of planning, and massive confusion in government as to what steps to take.

It also says feeling is growing that a mandated settlement may come, and that if it does, it will bring a steel price increase.

Scramble for Steel Will Continue Through First Half of '60

The scramble for steel by users will continue through the first half of 1960 even if there's no resumption of the strike "Steel," the metalworking weekly predicted.

There's not much "water" in the order books although some buyers have undoubtedly placed duplicate orders in an effort to assure themselves of deliveries before Jan. 26. Because inventories are low and unbalanced, users will take all the tonnage they can get in the immediate future.

As long as the automotive industry continues to press for shipments, the mills will have to quote extended deliveries—particularly on flat rolled products. And as long as deliveries remain extended, consumers will continue to make vague commitments for future tonnage. They won't risk drastic curtailment of their orders.

Cold rolled and galvanized sheets are still heading the list of critically needed products. Leading producers say they can't take any additional tonnage for the first half of next year. Shipments are being allocated on past buying patterns.

Steelmakers last week made a minimum observance of the Christmas holiday. The operating rate at 93.5% of capacity was 2.8 points below the previous week's revised rate. Production was about 2,647,000 ingot tons.

Scrap is marking time. "Steel's" price composite on heavy melting steel was unchanged last week at $41.33 a gross ton. A year ago, it was at $39.67.

Severe price cutting on broker stockpiled foreign steel is expected when the steel industry's labor dispute is settled, "Steel" said. Brokers are thought to be holding around 50,000 tons at Houston. On the average in the Southwest, imported steel ordered directly from the mills costs $12 to $15 a ton less than domestic tonnage. Imported steel unloaded in Chicago during October amounted to 28,290 tons, up 52% over September's tonnage.

Nonferrous metalmen see a 1960 upswing, "Steel" said. They expect bigger sales, higher production, greater price stability, and little labor strife. Titanium, lead, magnesium, and nickel will show improvement. Most nonferrous companies in 1959 rode the wave of the economic recovery well enough to post sales and profits better than 1958's or 1957's.

Detroit's next effort in the compact transportation field will be small trucks in the 3,000 to 4,000 pound gross vehicle weight category, "Steel" said. They'll be van type and will be aimed at customers with bulky rather than heavy loads.

The trucks are being designed to meet foreign competition. Volkswagen in 1956 was the first of the importers to introduce van type trucks. A dozen or more firms are now unloading small trucks at East and West Coast ports.

Ford's compact truck appears to be closest to production of any of the Big Three models. Reportedly called Econoline, it's expected to be ready in late 1960 or early 1961.

Steel Output Based on 94.9% of Jan. 1, 1959 Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *167.3% of steel capacity for the week beginning Dec. 28, equivalent to 2,687,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of *164.4% of capacity and 2,641,000 tons a week ago. [ED NOTE: The strike in the steel industry which began July 15 was ended via a court injunction on Nov. 7.]

Actual output for the week beginning Dec. 21 was equal to 93.3% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 94.9%.

A month ago the operating rate (based on 1947-49 weekly production) was *165% and production 2,650,000 tons. A year ago the actual weekly production was placed at 2,058,000 tons, or *128.1%.

***Index of production is based on average weekly production for 1947-49.**

Record High Steel Output Likely In 1960—If

Although strike-bound for 116 days, the iron and steel industry made an estimated 92 million net tons of ingots and steel for castings during 1959, or about 7 million tons more than in 1958, according to Max D. Howell, Executive Vice-President of the American Iron and Steel Institute. Only seven years have had higher production. The output during the 10 years of the 1950's was slightly over one billion tons, a record.

While 1959 will long be remembered for the long labor controversy, the year was also marked by record high steel production from January through June, the rapid recovery of production in November and December, and the fiercest competition ever encountered from foreign producers, during the entire year.

As the industry enters the 1960's, the short term outlook points to a cycle of high production to overtake the demands of steel users. The new decade may start off with a record annual output of over 120 million tons of raw steel in 1960, if free of prolonged strikes.

1959 Car Output 32% Higher Than in 1958

"Ward's Automotive Reports" said that calendar year, 1959, car production would total 5,582,700 units — an increase of 32% over 4,244,045 turned out in 1958.

"Ward's" said the increase over the preliminary projection of 5,561,577 units in 1959 stems from an increase of about 21,000 units in General Motors' December production.

Through the end of the week ended Dec. 26, "Ward's" said, combined car and truck production totaled 6,585,296 units and represented a 31% increase over production at the same time last year (5,029,816).

The U. S. automobile industry operated at an average daily production rate of 29,200 cars during the week, topping by 5% the 27,700 daily rate of last week, according to the statistical agency.

"Ward's" said that although plant shutdowns for the Christmas Holiday limited production to three and one-half days, brisk programming held the decline in output to only 33% below last week's two-year high of 152,449 cars produced on a five-and-one-half day basis.

"Ward's" added that nearly every assembly plant in the nation worked until noon Thursday, Dec. 24. The exceptions were the Studebaker-Packard works at South Bend, Ind., and Ford sites at Atlanta, Ga., and Louisville, Ky., which suspended operations at the end of Wednesday. No Saturday, Dec. 26, work was scheduled.

Carloadings Show Gain of 7.7% Above 1958 Week

Loading of revenue freight for the week ended Dec. 19, 1959, totaled 615,365 cars, the Association of American Railroads announced. This was an increase of 44,218 cars or 7.7% above the corresponding week in 1958, and an increase of 25,051 cars or 4.2% above the corresponding week in 1957.

Loading in the week of Dec. 19, were 26,607 cars or 4.1% below the preceding week.

How Railroad Operations Were Curtailed Due to Lengthy Steel Strike

The nation's railroads as 1959 ends look back on an initially promising year that was cut down to 1958's depressed proportions by the 116-day steel strike.

Railroad prospects for 1960, however, call for an 8 to 10% rise in freight carloadings as industry works to rebuild depleted inventories, according to the Association of American Railroads. This forecast is based on the assumption that there will be no substantial new work stoppages.

Summarizing the railroad industry's 1959 operations, the A.A.R. in a preliminary report estimated that despite a marked traffic upturn during the first six months, carloadings for the full year averaged only about 2½% above 1958, and 13% below the more normal 1957.

Although loadings in 1959's first half were 13% above 1958, the steel strike reversed the trend and resulted in a direct loss of about 2½ million carloads of freight and more than $600 million in revenues.

The one major jump in traffic in 1959 was in piggyback (truck-trailer-on-flatcar loadings) which ran some 50% above 1958 and 64% above 1957 levels, the A.A.R. noted.

Passenger traffic volume showed 4.7% decline, though the passenger deficit in 1959 fell below the $610 million loss recorded last year, it was reported. This was the eighth straight year of falling passenger volume.

Gross operating revenues of $9.9 billion in 1959 were 3% above 1958, the A.A.R. reported. Because of higher taxes and operating expenses, however, net income was estimated at $590 million—slightly under the 1958 level and nearly 20% under that of 1957.

Return on net investment at 2.8% was about the same as in 1958 and well below the postwar average of 3½%, the A.A.R. said.

Tax payments amounted to $1 billion for the year — about $90 million above 1958, the A.A.R. revealed. The increase was largely the result of 1958 Congressional amendments to the Railroad Retirement and Unemployment Insurance Acts which called for a rise of $120 million annually in railroad welfare fund contributions beginning on June 1.

A $200 million rise in operating expenses in 1959 reflected the full impact of wage increases totaling 12 cents an hour which were granted in two steps in May and November of 1958. In addition, a 3-cent cost-of-living wage hike was put into effect on Nov. 1, 1959, boosting average hourly earnings of railroad employees to a new record of well over $2.70.

Reflecting these increased wage costs, the railroads' 1959 payroll will be about $5 billion, slightly more than in 1958 despite a 3% drop in employment to a year-long average of 814,000 employees.

Despite the low level of earnings in 1959, railroads managed to spend about $850,000,000 for capital improvements to plant and equipment, the A.A.R. said. This was about 15% more than in 1958 but 39% below the 1957 level.

Electric Output 8.2% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Dec. 26, was estimated at 13,400,000,000 kwh., according to the Edison Electric Institute. Output was 750,000,000 kwh. below that of the previous week's total of 14,150,000,000 kwh. but showed a gain of 1,021,000,000 kwh., or 8.2% above that of the comparable 1958 week.

Lumber Shipments Unchanged From 1958 Week

Lumber shipments of 457 mills reporting to the National Lumber Trade Barometer were 6.2% below production for the week ended Dec. 19, 1959. In the same week new orders of these mills were 14.3% above production. Unfilled orders of reporting mills amounted to 39% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 20 days' production at the current rate, and gross stocks were equivalent to 47 days' production.

For the year-to-date, shipments of reporting identical mills were 1.1% below production; new orders were 0.4% below production.

Compared with the previous week ended Dec. 12, 1959, production of reporting mills was 1.9% below; shipments were 1.7% above; new orders were 12.8% below. Compared with the corresponding week in 1958, production of reporting mills was 6.9% above; **shipments were the same;** and new orders were 13.1% above.

Business Failures Down in Holiday Week

Commercial and industrial failures fell to 195 in the week ended Dec. 24 from 285 in the preceding week, reported Dun & Bradstreet, Inc. Despite this Christmas decline, however, casualties exceeded moderately the 185 occurring in the similar week last year and the 166 in 1957. Three per cent more concerns failed than in the pre-war year 1939 when they totalled 190.

All of the week's decrease was concentrated among failures involving liabilities of $5,000 or more which dropped to 176 from 247 in the previous week but remained above the 153 of this size a year ago. Small casualties those with liabilities under $5,000 also showed a decrease to 19 from 38 last week and 32 in the similar week of 1958. Liabilities ranged above $100,000 for 29 of the week's failures as against fifteen in the preceding week.

Fewer businesses failed during the week in all industry and trade groups. The retailing toll declined to 84 from 130, manufacturing to 38 from 53, construction to 37 from 41, wholesaling to 19 from 33, and commercial service to 17 from 28. More manufacturers, contractors, and service concerns succumbed than in the comparable week last year. But, retailing and wholesaling mortality dipped slightly from a year ago.

All of the geographic regions except Mountain reported a holiday downturn in casualties. There was a slight dip in East South Central States to 5 from 9; a stronger decline prevailed in the Pacific States, off to 51 from 78, and in the Middle Atlantic States, down to 60 from 86.

Trends from last year were mixed; four regions had more failures than in the comparable week of 1958, and three reported slight dips while two regions held even.

Wholesale Food Price Index at New 1959 Low

For the third time in a row, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., declined this week. On Dec. 22 it fell 1.0% to $5.73 from $5.79 a week earlier, and was down 10.2% from the $6.38 of the corresponding date a year ago. The current index was the lowest since that of April 18, 1950 when it was $5.73.

Higher in wholesale cost this week were barley, cottonseed oil, eggs and potatoes. Lower in price were flour, wheat, rye, beef, hams, bellies, butter, sugar, cocoa, raisins, steers and hogs.

The Index represents the sum total of the price per pound of 31 raw food stuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Slightly Higher

The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., rose to 275.77 (1930-32=100) on Dec. 28 from 275.00 the week before. One year ago the index stood at 274.50.

The increase in the commodity price index from last week reflected the higher prices for potatoes, lard, live steers, hogs, all grains, cottonseed oil and rubber. Lower prices for other food items, lard, tin, hides and silk kept the index from rising still further.

After setbacks earlier in the week for some grains, the entire list moved ahead. News of the Iraq-Iran border dispute raised prices on grains up to 3 cents. A good export business and estimates of larger future overseas shipments gave much support to wheat prices. Corn changes were small but upward with modest but steady marketings and storms over the Midwest adding firmness to prices. Soybean prices rallied at the end of the week after setbacks caused by heavy liquidations earlier in the week.

Flour prices changed only slightly during slow trading and ended the week a little lower. Rice was in good demand for the holidays, with prices remaining at the level maintained for the past few weeks.

Domestic sugar prices weakened in dull trading, with both spot and future prices off. Coffee trading was slow in the cash market with prices down from a week ago. Cocoa continued to show weakness to the close of trading Thursday, ending a number of points lower. Main crop purchases by the Ghana Marketing Board for the week ended Dec. 10 declined from the previous week but the season total thus far is ahead of 1958.

Hogs and live steers were up in price in moderately active trading. Slaughter lambs were higher while live choice and prime lambs remained unchanged.

Future prices on the New York Cotton Exchange were showing slight gains for most months, although trading was light. Exports of United States cotton for the season to Dec. 21 were reported at 1,657,231 bales compared to 1,148,138 bales in the same period last season.

Christmas Shopping Moderately Over Year Ago

An upsurge in last-minute Christmas shopping boosted overall retail trade in the week ended Dec. 23 moderately over a year ago. Although warm weather in

some areas over the week-end discouraged the buying of some winter apparel, traditional gift merchandise such as women's fashion accessories, sportswear, electric housewares, linens, and holiday food specialties showed marked year-to-year gains. Sales of new passenger cars remained sluggish and were again below a year ago due to limited dealer stocks, according to scattered reports.

The total dollar volume of retail trade in the week ended Dec. 23 was 1 to 5% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Middle Atlantic +4 to +8; Mountain +3 to +7; New England +2 to +6; East South Central +1 to +5; East North Central, West North Central, South Atlantic, and Pacific Coast 0 to +4; West South Central —1 to +3.

While sales of women's fashion accessories, sportswear, furs, and lingerie climbed appreciably over a year ago, interest in coats and suits remained close to the similar 1958 levels. In contrast to the usual seasonal movement, men's stores reported that suits and topcoats made a better showing than did furnishings. However, overall volume in men's apparel was moderately higher than a year ago. The buying of children's merchandise remained well over the comparable 1958 week.

Best-sellers in household goods, were small electric housewares, gifts, kitchen-ware, and dinnerware. While promotions helped volume in television sets and hi-fi sets rise appreciably over a year ago, interest in other major appliances remained close to similar 1958 levels. Furniture volume was moderately higher than a year ago and interest in linens showed appreciable year-to-year gains.

Housewives stepped up their purchases of holiday food specialties, dairy products, poultry, and fresh meat this week. Other best-sellers were frozen foods, baked goods, candy and nuts.

There was a marked rise in trading in industrial fabrics and man-made fibers this week, especially synthetics. Increased interest in print cloths and broadcloths helped boost over-all transactions in cotton gray goods appreciably over the prior week. While sales of carpet wool expanded somewhat in Philadelphia, they were unchanged from a week earlier in Boston. Purchases of woolens and worsteds remained at prior week levels in most markets. The usual holiday lull occurred in incoming orders at dyeing and finishing plants, but substantial year-to-year gains are anticipated in early 1960.

Nationwide Department Store Sales Up 5% for Dec. 19 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Dec. 19 increased 5% above the like period last year. In the preceding week, for Dec. 12, an increase of 2% was reported. For the four weeks ended Dec. 19 a 3% increase was registered, and for Jan. 1 to Dec. 19 a 7% increase was noted over the figure for the same period in 1958.

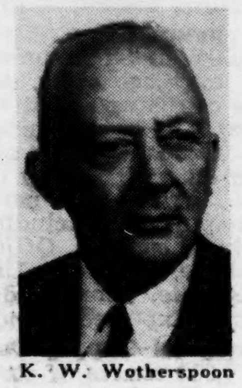
According to the Federal Reserve System department store sales in New York City for the week ended Dec. 19 increased 8% over the like period last year. In the preceding week ended Dec. 12 a 1% increase was shown. For the four weeks ended Dec. 19 a 4% increase was reported over the 1958 period. Jan. 1 to Dec. 19 showed a 3% increase over the level achieved in the corresponding 1958 period.

Phelps, Fenn Co. Admit Three

Phelps, Fenn & Co., 39 Broadway, New York City, underwriters, distributors and dealers in municipal, industrial, public utility and railroad securities, announced on Dec. 30 the admission of David G. Coogan, William A. Read, Jr., and Kenneth W. Wotherspoon as general partners and David Swing Starring as a limited partner on Jan. 1, 1960.

David G. Coogan

William A. Read Jr.



K. W. Wotherspoon

Mrs. Marjorie J. Munson will retire from limited partnership in the investment firm, effective today, Dec. 31.

Some Overripe Problems in Federal Debt Management

Continued from page 9

term Treasuries increased 57%, that is, from a yield of 2.19 to 3.43%. During the same period the yield of high grade municipals rose 78%, from 1.64 to 2.92%. Of course, the Federal debt increased relatively little during this period while that of state and local governments increased to more than three times its earlier level. However, the relative increase in outstanding debt cannot explain the greater percentage rise in the yields of the tax-exempts. Outstanding corporate debt nearly tripled also, but corporate yields increased only 55%, from 2.84 to 3.79%.

Thus, municipal yield experience seems to indicate that the value of tax exemption to the borrower has steadily diminished in value. This follows from the fact that muncipial borrowers have been forced more and more to appeal to lenders, such as life insurance companies, pension funds, and mutual concerns, for whom the tax-exempts have had less appeal. Thus, more efficient means of subsidizing state and local governments can surely be found.

Of course, the relative position of Treasury securities could be improved by granting them tax-exempt status. But this would probably result in a net drain on Treasury resources, since the Treasury, too, would have to pay rates high enough to attract lenders who are sheltered to a large extent from Federal income taxes.

Treasury Showed it Can Compete

These factors have all contributed to the reduced market receptivity for Treasury issues. And many resigned themselves to the view that Treasury securities were hopelessly relegated to second or third class status. The suggestion that the Treasury compete aggressively rate-wise was greeted with the derisive comment that such efforts would meet with failure since, it was alleged, the competitive demand for funds was totally inelastic. The success of the 4¾'s and the 5's of 1964 has relegated this comment to the category of "famous last words." The Treasury has demonstrated that it can compete effectively!

It is indeed ironical that, after being harassed by a lack of confidence on all sides, the Treasury is now being confronted by shouts of pain and recrimination as a result of the success of these issues. The patience of Treasury officials is put to the test in these circumstances. We must remember that the debt must be held by someone. We can also be reassured to some extent by noting that, if in fact this successful competitive venture on the part of the Treasury does lead to a reduced flow of credit to the housing market, the Federal Reserve System can be relied upon to preserve overall objectives, such as the level of employment, by maintaining an adequate total supply of credit.

Considers New Debt Management Techniques

May I turn quickly to my third point. I trust that I have depicted accurately the path the Treasury must follow. It is a difficult one, to say the least. Within the severe constraints that it operates, the Treasury must always seek new avenues by which it can approach the market on more congenial terms. Possible innovations in tailoring government securities and in marketing and underwriting techniques must be continuously reviewed and evaluated as possible means of facilitating management of the debt. I shall suggest only a few: the advanced refunding, the delayed takedown, an improved spacing of maturities, the payment of commissions to private underwriters, and novel features of the loan contract, such as a constant purchasing power commitment and a lottery attachment.

I am not suggesting that we accept these innovations blindly, only that we keep an open mind about experimentation in this very new field. The science of debt management is in the embryo stage. We know, by comparison, a great deal more about monetary and fiscal policy. We know very little about the economic effects of changes in the structure of the debt. Participants in the capital market must devote a fair share of their energies to the study and development of this discipline.

*An address by Dr. Scott before the 13th annual conference of Bank Correspondents, 1st National Bank of Chicago.

Form East Coast Inv.

East Coast Investors Co. is engaging in a securities business from offices at 150 Broadway, New York City. Sol Gallup is proprietor of the firm.

R. J. Getek Opens

FLORAL PARK, N. Y.—Richard J. Getek is conducting a securities business from offices at 342 Lowell Avenue under the firm name of R. J. Getek Co. Mr. Getek has been with W. E. Hutton & Co.

AS WE SEE IT

(Continued from page 1)

mocracy and our incurable distaste for communism. We are said to see everything either red or white—which is more or less incomprehensible to some of these peoples.

Ultimate Goals

Now, the ultimate goals of our policies — and, of course, of the President's journeying—are, first, to do what can be done to alleviate and possibly in the end to eliminate the horrible poverty of so many of these peoples —or at least to help them alleviate or eliminate their own poverty. The other is to make it clear to all that these goals can be reached, and indeed reached more promptly and easily, by avoiding the chains of the communist system, particularly under the alien direction and control of the communist leaders of Russia and China. Gain from the journeyings of the President must be measured in terms of contributions to these goals.

It may well be, in fact we should expect it to be, that the travels of the Chief Executive stimulated or renewed a feeling of friendship for and trust in the United States, which should make it easier for us to influence these peoples and interest them in many things that they must learn if they are to shake off the poverty which now bears so heavily upon them. Such a change could also tend to encourage emulation of us and our institutions as against those of Russia and China. One danger is, of course, that these masses may be led to expect to live in part at least upon our generosity and thus be less inclined to do what is essential to their own self-salvation. Some degree of hazard of this sort is, we suppose, unavoidable, but it should be possible to overcome or offset it.

Let us not in our sympathy for these unfortunates ever forget that their plight is not a mere accident of history, as so many seem to suppose, but a direct result of their own acts or neglect and those of their forbears. The fault has been not in their stars but in themselves that they are economic underlings, and nothing except effort, continued and well-directed effort, on their own part will ever place them on their own economic feet. And these efforts must not consist merely of accepting help from others or in taking by confiscation what others have created. The President clearly recognizes these simple, elementary facts, for in his message to the American people upon his return he specifically stated that "in the ultimate sense, a nation must achieve for itself by its heart and by its will the standard of living and the strength needed to progress toward peace with justice and freedom."

Resources and Skills

"But when necessary resources and technological skills are lacking," the President adds, "people must be assisted, or the world will suffer." But the supplying of either resources or technical skills, where lacking, is not the simple matter that it may seem to the uninitiated. If resources are to be supplied the peoples must be able in some way to provide other goods with which to pay for them, or else they will be doomed to perpetual charity. As to technical skills, it is one thing to make them available to those who wish and are willing to learn; it is quite another to impose them upon masses of people who have long traditions of inefficient and wasteful production behind them. Those who through the years have witnessed the slow adoption by our own farmers of the knowledge and technological skills available to all who sought them will well realize that the mere sending of knowledge or even of teachers of technological skills to any given country is but the beginning of a long and often discouraging process.

This country has long been regarded as the epitome of economic success and of abundance. Let no one suppose —in particular let none of the underprivileged suppose— that this either was or is a mere accident of history. True we have been fortunate in the abundance of our natural resources, but probably no more so than some of the other countries which now harbor teeming masses near to starvation a good deal of the time. There is a definite reason for our economic achievement, or rather reasons. One of them is the fact that from the very first we built upon the foundations of individual freedom and initiative, and another is the fact that the required energy and vigor were present. It would be well if those who now look to us for help understood these facts and drew the necessary influences from them.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

★ Aaronson Bros. Stores Corp.
Dec. 29 filed 40,000 shares of 70 cent cumulative preferred stock (par $2.50). **Price** — To be supplied by amendment. **Proceeds**—To pay for opening, equipping and stocking three new stores in El Paso, San Luis, Ariz., and San Diego, Calif. The balance of the proceeds will be added to the company's general funds and used primarily to open, equip and stock additional stores that may be opened in the future. **Office**—526 East Overland Avenue, El Paso, Texas. **Underwriters**—Eppler, Guerin & Turner, Inc., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

Abbott-Warner Co., Inc.
Aug. 12 (letter of notification) 62,500 shares of common stock (no par). **Price**—$2.70 per share. **Proceeds**—To prepare estimates and to submit bids, as prime contractor on specialized construction projects. **Office**—123 Denick Avenue, Youngstown, Ohio. **Underwriter** — Strathmore Securities, Inc., 605 Park Building, Pittsburgh 22, Pa. This offering is expected to be refiled.

• Accurate Electronics, Inc.
Dec. 16 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$1.50 per share. **Proceeds**—For research and development, advertising and for working capital. **Office**—13215 Leadwell Street, N. Hollywood, Calif. **Underwriters** — Amos Treat & Co., Inc., New York and Arthur B. Hogan, Inc., Los Angeles, Calif. **Offering**—Expected in January.

Admiral Plastics Corp. (1/18)
Dec. 4 filed 160,000 shares of common stock (par 10 cents), of which 150,000 shares are to be publicly offered. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—446 12th Street, Brooklyn, N. Y. **Underwriters**—Filor, Bullard & Smyth and Hardy & Co., both of New York City, who are entitled to purchase for $500 five-year options to acquire for 75 cents per share the 10,000 shares not accounted for above.

• Aetna Finance Co.
Dec. 22 filed $5,000,000 convertible subordinated debentures, due Feb. 1, 1975, and 200,000 shares of common stock (par $1), of which 75,000 shares of the common are to be offered for the account of a selling stockholder and the rest of the offering is to be made on behalf of the issuing company. **Prices**—For the debentures, at 100% plus accrued interest from Feb. 1, 1960; for the stock, to be supplied by amendment. **Proceeds**—For general corporate purposes, including the reduction of indebtedness. **Office**—Clayton, Mo. **Underwriters** — Scherck, Richter Co., and Dempsey-Tegeler & Co., both of St. Louis, Mo.

★ Afco Land Co., Seattle, Wash.
Dec. 29 filed 12,000 shares of 6% cumulative preferred stock. **Price**—$25 per share. **Proceeds**—For debt reduction and land acquisition and development. **Underwriter**—None.

Aircraft Dynamics International Corp. (1/15)
Sept. 25 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—229 S. State Street, Dover, Del. **Underwriter**—Aviation Investors of America, Inc., 666 Fifth Avenue, New York 19, N. Y.

Alaska Consolidated Oil Co., Inc.
Sept. 17 filed 3,000,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For further development and exploration of the oil and gas potential of the company's Alaska properties. **Office**—80 Wall Street, New York. **Underwriter**—C. B. Whitaker Co., New York. **Offering**—Expected in about three to four weeks.

★ Alaska Playgrounds, Inc.
Dec. 21 (letter of notification) 2,815 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—To complete construction of a lodge in Ketchikan, Alaska and for working capital. **Office**—122 W. State Street, Redlands, Calif. **Underwriter**—None.

★ Allied Bowling Centers, Inc.
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas.

Allied Producers Corp.
Dec. 3 filed 1,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For working capital to be used in the purchase of oil and gas properties and related forms of investment. **Office**—115 Louisiana Street, Little Rock, Ark. **Underwriter**—The offering is to be made by John L. Hedde, President of the issuing company and owner of 10,000 of its 80,000 presently outstanding shares. Mr. Hedde will work on a "best efforts" basis, and will receive a selling commission of 12 cents per share on Arkansas sales and 15 cents per share on out-of-state sales.

• Allied Small Business Investment Corp.
Sept. 29 filed 100,000 shares of common stock (par $8). **Price**—$11 per share. **Proceeds**—To be used to provide equity capital and long-term loans to small business concerns. **Office**—Washington, D. C. **Underwriter**—NASD members who execute a selling agreement. **Offering**—Expected in January.

American Frontier Life Insurance Co.
Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds** — To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commission of $1.20 per share.

• American Gypsum Co.
Dec. 4 filed 480,000 shares of common stock and $1,200,000 of 7% first mortgage notes, due Dec. 1, 1969, to be offered in units consisting of $100 principal amount of notes and 40 shares of stock. The common stock will be separately transferable only on and after July 1, 1960 unless an earlier date is fixed by the Board of Directors of the company. **Price**—$300 per unit. **Proceeds**—For general corporate purposes, including construction equipment, and working capital. **Office**—323 Third Street, S. W., Albuquerque, N. Mex. **Underwriters**—Jack M. Bass & Co., Nashville, Tenn., and Quinn & Co., Albuquerque. **Offering**—Expected at end of January, 1960.

American Hospital Supply Corp. (1/13)
Dec. 11 filed 200,000 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds** — For working capital, construction, and $200,000 for the purchase of stock in Hoffman Pinther Bosworth, S.A. **Office**—2020 Ridge Ave., Evanston, Ill. **Underwriters**—Eastman Dillon, Union Securities & Co., and Smith, Barney & Co., both of New York City.

★ American Hospital Supply Corp.
Dec. 23 filed 53,000 shares of its common stock. The company proposes to acquire all the outstanding 1,415 common shares of Arnar-Stone Laboratories, Inc., (of Mt. Prospect, Ill.) in exchange for 49,525 shares of its common stock, and to acquire not less than 80% of the 6% cumulative preferred stock ($100 par) of Arnar-Stone, 1,029 shares of which are outstanding, pursuant to a formula based upon the market value of the company's common. Registration of the issuer's common shares is being effected in view of the possibility that a portion or all thereof may be re-offered for public sale by persons who receive same in exchange for Arnar-Stone stock.

American Industries Life Insurance Co.
Dec. 18 filed 316,667 shares of class A common and 50,000 shares of class B common, of which 50,000 shares of the class A and all (50,000) of the class B have been subscribed to by Foundation Life Insurance Co., and 16,667 shares of the class A are reserved for issuance upon the exercise of an option granted an agency director. **Price**—$4.50 per share (for the 250,000 shares to be publicly offered). **Proceeds**—For capital and surplus of the 13-month-old company. **Office**—Title & Trust Bldg., Phoenix, Arizona. **Underwriter**—None.

American Investors Syndicate, Inc.
June 25 filed 600,000 shares of common stock (par 10 cents), and 200,000 shares of 6% preferred stock (no par value, $9 stated value), to be offered in units consisting of 3 shares of common ($1 each) and 1 share of preferred ($9). **Price**—$12 per unit. **Proceeds**—For construction and related expenditures. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter**—Lindsay Securities Corp., New Orleans, La. The SEC had scheduled a hearing, to begin on Sept. 2, which will determine whether a stop order will be issued suspending the offering. No decision has been announced.

American Land Co.
Dec. 14 filed 300,000 shares of class A preference stock ($15 par) and 300,000 shares of common stock, to be offered in units of one share of preference and one share of common. **Price**—To be supplied by amendment. **Proceeds**—For property acquisition and development. **Office**—49 E. 53rd Street, New York City. **Underwriter**—Hemphill, Noyes & Co. **Offering**—Expected in January.

American Service Life Insurance Co.
Sept. 14 filed 300,000 shares of common stock (par 40¢). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including, possibly, the acquisition of similarly engaged companies. **Office** — 113 Northeast 23rd Street, Oklahoma City, Okla. **Underwriter** — First Investment Planning Co., Washington, D. C.

American Yachting Systems, Inc.
Oct. 30 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—Roslyn, N. Y. **Underwriter**—Hilton Securities Inc., formerly Chauncey, Walden, Harris & Freed, Inc., 580 Fifth Avenue, New York, N. Y. **Offering**—Expected any day.

Anelex Corp.
Nov. 18 filed $2,250,000 of subordinated debentures, due Dec. 1, 1974, with warrants attached to purchase 45,000 shares of common stock (par $1) and (2) 90,000 shares of common stock (par $1). The debentures and stock are to be offered in units consisting of $50 principal amount of debentures (with attached warrant to purchase one share of common stock) and two shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To pay off $400,000 of serial notes plus accrued interest thereon; approximately $220,000 will be used to redeem and pay accumulated dividends on the company's outstanding 2,000 shares of cumulative preferred stock; approximately $143,000 will be used to pay a promissory note to Anderson-Nichols & Co.; approximately $800,000 will be used for machinery and equipment; and the balance will be used for general corporate purposes, including additional working capital. **Office**—150 Causeway St., Boston, Mass. **Underwriter**—Putnam & Co., Hartford, Conn. **Offering**—Expected in January.

Anodyne, Inc., Bayside, L. I., N. Y.
Sept. 9 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For expansion and general corporate purposes. **Underwriter**—Ross, Lyon & Co., Inc., New York, N. Y. **Offering**—Expected in January.

Anthony Powercraft
Sept. 8 (letter of notification) 241,200 shares of 5% cumulative convertible preferred stock to be offered for subscription by common stockholders at the rate of two preferred shares for each three shares of common stock held. **Price**—At par ($1 per share). **Proceeds**—To purchase inventory, new tools, construction and for working capital. **Office**—5871 E. Firestone Boulevard, South Gate, Calif. **Underwriter**—None.

Apache Properties, Inc.
Nov. 20 filed 500,000 shares of common stock (par $1) to be offered in exchange for undivided interests in gas and oil leaseholds located in certain counties in Oklahoma. **Price**—$10 per share. **Office**—523 Marquette Ave. Minneapolis, Minn. **Underwriter**—None.

★ Arcoa, Inc.
Dec. 28 filed $6,000,000 of U-Haul Fleet Owner Contracts and $3,000,000 of Kar-Go Fleet Owner Contracts. The contracts provide for the operation of fleets of automobile-type rental trailers in the U-Haul Trailer Rental System or the Kar-Go Trailer Rental System. **Office**—4707 S. E. Hawthorne Boulevard, Portland, Ore.

Associations Investment Fund
Aug. 28 filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment in common stocks. **Office**—301 W. 11th Street, Kansas City, Mo. **Underwriter**—Jones Plans, Inc., a subsidiary of R. B. Jones & Sons, Inc.

• Automatic Retailers of America, Inc.
Dec. 15 filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To pay bank loan, with the balance to general funds for expansion and acquisitions. **Office** — Los Angeles, Calif. **Underwriters** — White, Weld & Co., New York City, and Cruttenden, Podesta & Co., of Chicago.

Bankers Management Corp.
Sept. 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1404 Main Street, Houston 2, Texas. **Underwriter**—Daggett Securities, Inc., Newark, N. J.

Bargain Centers, Inc.
Dec. 2 (letter of notification) 120,000 shares of common stock (par $10 cents). **Price**—$2.50 per share. **Proceeds**—To remodel store and offices in warehouse, opening a new store and for working capital. **Office**—31-37 Fayette Street, Martinsville, Va. **Underwriters**—Frank P. Hunt & Co., Inc., Rochester, N. Y., and First City Securities, Inc., New York, N. Y.

★ Bell & Howell Co.
Dec. 28 filed 185,031 shares of common stock, being the number of shares with respect to which options have been granted or may be granted to key executives under the company's Restricted Stock Option Plan.

• Benson Manufacturing Co., Kansas City, Mo. (1/11)
Nov. 25 filed $2,000,000 of 6% convertible subordinated debentures due Nov. 30, 1971 and 130,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For additional manufacturing equipment, acquisition of property and retirement of a $500,000 bank loan. **Business**—In addition to its aluminum operations the company fabricates magnesium, stainless steel and titanium. As a leading subcontractor it serves the major missile, rocket and aircraft companies through its missile container division. **Underwriter**—S. D. Fuller & Co., New York.

★ Big "C" Stores, Inc.
Dec. 23 filed 250,000 shares of common stock, of which 125,000 shares are to be offered for the company's account and the remaining 125,000 will be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For repayment of certain outstanding notes; for payment of fixtures and equipment for new supermarkets; and the balance for general corporate purposes. **Office** — 1845 S. E. Third Ave., Portland, Ore. **Underwriters**—J. Barth & Co., and The First California Co. Inc., both of San Francisco, Calif.; and Hill Darlington & Co., New York.

Blanch-Ette, Inc.
Oct. 12 filed 400,000 shares of common stock, to be offered initially to independent dealers who handle the company's products, with the unsubscribed shares to be offered to the public. **Price**—$1 per share. **Proceeds**—To establish new dealerships, increase inventories, and provide funds for advertising and increase working capital. **Office**—10232 South Kedzie Ave., Chicago, Ill. **Underwriter**—None.

• Boothe Leasing Corp.
Dec. 2 filed 40,296 shares of common stock (no par), to be offered to holders of outstanding common on basis of one new share for each eight shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the acquisition of additional equipment which the company intends to lease to various businesses. **Office**—315 Montgomery Street, San Francisco, Calif. **Underwriters**—Wertheim & Co., New York City, and J. Barth & Co., San Francisco. **Offering**—Expected in January.

Border Steel Rolling Mills, Inc.
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due Oct. 1, 1974, and 210,000 shares of common stock ($2.50 par), to be offered in units of $50 principal amount of debentures and five

shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For the purchase of land and construction thereon, and for the manufacture and installation of necessary equipment. **Office**—1609 Texas Street, El Paso, Texas. **Underwriters**—First Southwest Co., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

Border Steel Rolling Mills, Inc.
Sept. 14 filed 226,380 shares of common stock, to be offered for subscription to stockholders of record Aug. 31, 1959, on the basis of 49 new shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1609 Texas Street, El Paso, Texas. **Underwriter**—None.

★ Bowmar Instrument Corp.
Dec. 28 filed 27,000 shares of common stock. These shares are to be offered to holders of outstanding stock purchase warrants, which are attached to notes issued in January, 1959 and are exercisable at $2.50 per share. **Office**—8000 Bluffton Road, Fort Wayne, Ind.

★ Brooklyn Union Gas Co.
Dec. 18 (letter of notification) up to 10,000 shares of common capital stock (par $10) not to exceed an aggregate of $300,000 to be offered to employees of the company under the Employee Common Stock Purchase Plan, at a price per share determined pursuant to the plan by reference to the price at which the shares are acquired on the New York Stock Exchange. **Proceeds**—For general corporate purposes. **Office**—176 Remsen Street, Brooklyn 1, N. Y. **Underwriter**—None.

Burch Oil Co.
Sept. 25 (letter of notification) 120,000 shares of class A common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For building and equipping stations and truck stop and additional working capital. **Office**—C/o Garland D. Burch, at 707 Grattan Road, Martinsville, Va. **Underwriter**—Maryland Securities Co., Inc., Old Town Bank Building, Baltimore 2, Md.

Buzzards Bay Gas Co.
Dec. 18 (letter of notification) 12,000 shares of 6% prior preferred stock. **Price**—At par ($25 per share). **Proceeds**—For a bank loan. **Office**—25 Iyanough Rd., Hyannis, Mass. **Underwriter**—Coffin & Burr, Inc., Boston, Mass.

California Metals Corp.
July 27 filed 2,500,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For construction of a pilot plant; for measuring ore; for assaying; and for general corporate purposes. **Office**—3955 South State St., Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., Inc., Salt Lake City.

California Mutual Co-Ply, Inc.
Sept. 14 filed 140 shares of voting common stock. **Price**—At par ($5,000 per share). **Proceeds**—To purchase the mill and related facilities of Durable Plywood Co. for $690,000, with the balance to be used for working capital. **Office**—Calpella, Calif. **Underwriter**—The offering is to be made by Ramond Benjamin Robbins, one of the nine promoters, the list of which also includes Harry Ernest Holt, of Eureka, Calif., President of the company.

Can-Fer Mines Ltd.
Dec. 22 filed 300,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of mining claims. **Office**—Toronto, Canada. **Underwriters**—Pearson, Murphy & Co., Inc., and Emanuel, Deetjen & Co., both of New York City, on a "best efforts" basis.

Cardinal Petroleum Co. (1/6)
Nov. 30 filed 200,000 shares of common capital stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes including debt reduction, drilling and working capital. **Office**—420 No. 4th St., Bismarck, North Dakota. **Underwriter**—J. M. Dain & Co., Inc., Minneapolis, Minn.

Cascade Pools Corp.
Nov. 30 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—River & Wood Sts., Butler, N. J. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

● Central Electric & Gas Co.
Dec. 11 filed $3,000,000 of convertible subordinated debentures, due Jan. 15, 1975. **Price**—To be supplied by amendment. **Proceeds**—For construction expenses of the issuer and its subsidiaries. **Office**—144 So. 12th Street, Lincoln, Nebr. **Underwriters** — Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York City. **Offering**—Expected in January.

● Chesapeake & Potomac Telephone Co. of Maryland (1/12)
Dec. 18 filed $25,000,000 of 36-year debentures, due Jan. 1, 1996. **Proceeds**—To repay advances, obtained for construction and other purposes, from A. T. & T. the issuer's parent, which will amount to more than $25,000,000 when such proceeds are received. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co.; Halsey, Stuart & Co. Inc., and Morgan Stanley & Co. **Bids**—Expected to be received before 11 a.m. (EST) on Jan. 12.

● C. I. T. Financial Corp. (1/7)
Dec. 10 filed $75,000,000 of debentures due Jan. 15, 1980, not redeemable prior to Jan. 15, 1965. Redeemable thereafter, in whole or in part at the election of the corporation, on 30 days' notice, at principal amount plus a premium, and without premium on and after Jan. 15, 1975, plus accrued interest. Under certain conditions the debentures may be redeemed at lower redemption premiums or without premium. **Price**—To be supplied by amendment. **Proceeds**—For working capital for the issuer and its subsidiaries. **Office**—650 Madison Ave., New York City. **Underwriters** — Dillon, Read & Co., Inc.; Kuhn, Loeb & Co., and Lehman Brothers, all of New York.

★ Citadel Life Insurance Co., New York
Dec. 28 filed voting trust certificates for 60,000 shares of its common stock. **Office**—444 Madison Avenue, New York City.

Citizens Casualty Co. of New York (1/5)
Nov. 9 filed 250,000 shares of class A common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To be invested in income-producing securities. **Office**—33 Maiden Lane, New York City. **Underwriter**—Lee Higginson Corp.

Coastal Chemical Corp.
Dec. 7 filed 111,729 shares of class A common and 70,000 shares of class C common, of which 50,000 class C shares are to be offered for the account of Miss. Chemical Corp., selling stockholder, with the remainder of the offering to be sold for the account of the issuing company. **Price**—For the class A stock: $30 per share; for the class C stock: $25 per share. **Proceeds**—For working capital, construction, and repayment of loans. **Office**—Yazoo City, Miss. **Underwriter**—The offering is to be made through Coastal employees with Miss. Chemical underwriting on a "best efforts" basis, receiving a selling commission of 33 cents a share.

Columbian Financial Development Co.
Aug. 14 filed $1,000,000 of Plans for Investment in Shares in American Industry, of which $500,000 was for Single Payment Investment Plans and $500,000 for Systematic Investment Plans and Systematic Investment Plans With Insurance. **Office**—15 East 40th Street, New York. **Underwriter** — None. **Offering** — Expected some time after Jan. 1, 1960.

Combined Electronics, Inc.
Oct. 30 filed 800,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes, inclding expansion, new product development, and working capital. **Office**—135 S. La Salle Street, Chicago, Ill. **Underwriter**—David Johnson & Associates, Inc., Indianapolis, Ind., on a "best efforts" basis.

Commerce Drug Co.
Nov. 30 filed 90,000 shares of common stock. **Price**—$6.50 per share. **Proceeds**—To selling stockholders. **Office**—505 Court St., Brooklyn, N. Y. **Underwriter** — Marron, Edens, Sloss & Co. **Offering**—Expected in January.

Commerce Oil Refining Corp
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

● Commercial Credit Co. (1/4)
Dec. 11 filed $50,000,000 of notes due Jan. 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—300 St. Paul Place, Baltimore, Md. **Underwriters**—The First Boston Corp. and Kidder, Peabody & Co., (handling the books), both of New York City.

Commercial Metals Co.
Nov. 25 filed 100,000 shares of outstanding common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—512 South Akard St., Dallas, Tex. **Underwriter**—Eppler, Guerin & Turner, Inc. **Offering**—Expected in the first couple of weeks in January.

★ Connelly Containers, Inc., Pencoyd, Pa.
Dec. 29 filed 16,216 shares of common stock, to be offered for sale to salaried employees pursuant to the issuer's Employees' Stock Purchase Plan for 1960.

● Consolidated Development Corp.
Aug. 28 filed 448,000 shares of common stock (par 20c), of which 1198,000 shares are to be offered to holders of the issuing company's 6% convertible debentures, and 100,000 shares are to be offered to the underwriter, with the remaining 150,000 shares, in addition to those shares described above not subscribed for by the debenture holders and the underwriter, respectively, to be publicly offered. **Price**—For the shares to be offered to the debenture holders, 75c per share, which is equal to the price at which the debentures are convertible into common stock; for the shares to be offered to the underwriter, $1 per share; for the shares to be offered to the public, the price will be related to the current price of the outstanding shares on the American Stock Exchange at the time of the offering. **Proceeds**—For general corporate purposes. **Note** — This company was formerly known as Consolidated Cuban Petroleum Corp., which was a Delaware corporation with Havana offices. Its charter was amended last June, changing the corporate name and sanctioning its entry into real estate operations. The SEC announced a "stop order" on Dec. 10, challenging the registration statement, and the corporation told this newspaper they planned to re-register. An SEC hearing is scheduled for Jan. 25. **Office**—Miami Beach, Fla. **Underwriter** — H. Kook & Co., Inc., New York.

● Consolidated Development Corp., Pompano Beach, Fla.
Nov. 24 filed 140,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To pay outstanding notes and for working capital. **Underwriter**—Consolidated Securities Corp., of Pompano Beach, Fla., on a best efforts basis. **Note**—Nick P. Christos is a director of the issuing company and President of the underwriting corporation.

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NEW ISSUE CALENDAR

January 4 (Monday)

Commercial Credit Co.______Notes
(The First Boston Corp. and Kidder, Peabody & Co.) $50,000,000

Coraloc Industries, Inc.______Preferred
(Edward Lewis Co., Inc.) $272,500

Coraloc Industries, Inc.______Common
(Edward Lewis Co., Inc.) 5,450 shares

General Public Utilities Corp.______Common
(Offering to stockholders—No underwriting) 1,115,000 shares

Micronaire Electro Medical Products Corp.___Com.
(General Investing Corp.) 200,000 shares

Micronaire Electro Medical Products Corp.___Wts.
(General Investing Corp.) 50,000 warrants

Mohawk Business Machines Corp.______Common
(Myron A. Lomasney & Co.) 30,000 shares

Mohawk Business Machines Corp.______Debentures
(Myron A. Lomasney & Co.) $600,000

Old Empire, Inc.______Common
(Laird, Bissell & Meeds) $300,000

Tobin Craft, Inc.______Common
(General Investing Corp.) $150,000

January 5 (Tuesday)

Citizens Casualty Co. of New York______Common
(Lee Higginson Corp.) 250,000 shares

January 6 (Wednesday)

Cardinal Petroleum Co.______Common
(J. M. Dain & Co., Inc.) $800,000

(B. M.) Harrison Electrosonics, Inc.______Common
(G. Everett Parks & Co., Inc.) $399,000

Pioneer Finance Co.______Preferred
(White, Weld & Co., Inc. and Watling, Lerchen & Co.) $1,625,000

TelePrompter Corp.______Common
(Bear, Stearns & Co.) 125,000 shares

January 7 (Thursday)

C. I. T. Financial Corp.______Debentures
(Dillon, Read & Co., Inc.; Kuhn, Loeb & Co. and Lehman Brothers) $75,000,000

Washington Water Power Co.______Bonds
(Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co. and Dean Witter & Co.) $10,000,000

Washington Water Power Co.______Debentures
(Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co. and Dean Witter & Co.) $5,000,000

January 11 (Monday)

Benson Manufacturing Co.______Common
(S. D. Fuller & Co.) 130,000 shares

Benson Manufacturing Co.______Debentures
(S. D. Fuller & Co.) $2,000,000

January 12 (Tuesday)

Chesapeake & Potomac Telephone Co. of Maryland______Debentures
(Bids to be invited) $25,000,000

Jessop Steel Co.______Debentures
(Hornblower & Weeks) $3,000,000

National Homes Corp.______Common
(White, Weld & Co.) 60,100 shares

Northern Illinois Gas Co.______Preferred
(First Boston Corp. and Glore, Forgan & Co.) $15,000,000

Simplicity Manufacturing Co.______Common
(A. C. Allyn & Co., Inc.) 397,192 shares

January 13 (Wednesday)

American Hospital Supply Corp.______Common
(Eastman Dillon, Union Securities & Co. and Smith, Barney & Co.) 200,000 shares

January 15 (Friday)

Aircraft Dynamics International Corp.___Common
(Aviation Investors of America, Inc.) $300,000

Florida West Coast Corp.______Common
(Midtown Securities Corp.) $300,000

January 18 (Monday)

Admiral Plastics Corp.______Common
(Filor, Bullard & Smyth and Hardy & Co.) 160,000 shares

January 19 (Tuesday)

Integrand Corp.______Common
(DiRoma, Alexik & Co.) $340,000

Kansas Gas & Electric Co.______Common
(Bids to be invited) 200,000 shares

Louisiana Gas Service Co.______Bonds
(Bids to be invited)

Southeastern Factors Corp.______Debentures
(Interstate Securities Corp.; McCarley & Co. and Citizens Trust Co.) $500,000

January 26 (Tuesday)

Automatic Retailers of America, Inc.______Common
(White, Weld & Co. and Cruttenden, Podesta & Co.) 120,000 shares

Montreal Metropolitan Corp.______Debentures
(First Boston Corp.) $30,000,000

February 24 (Wednesday)

Duquesne Light Co.______Debentures
(Bids 11 a.m. EST) $20,000,000

June 2 (Thursday)

Southern Electric Generating Co.______Bonds
(Bids to be invited) $40,000,000

July 7 (Thursday)

Gulf Power Co.______Preferred
(Bids to be invited) $50,000,000

Gulf Power Co.______Bonds
(Bids to be invited) $5,000,000

November 3 (Thursday)

Georgia Power Co.______Bonds
(Bids to be invited) $12,000,000

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Consumers Cooperative Association
Nov. 3 filed $9,000,000 of 5½% 25-year subordinated certificates of indebtedness and 120,000 shares of preferred stock (par $25). **Price**—The certificates are to be offered in units of $100; the preferred stock is to be sold at $25 per share. **Proceeds**—To be added to general funds of the association and be used for retiring maturing certificates of indebtedness and for capital expenditures. **Office**—Kansas City, Mo. **Underwriter**—None.

Continental Reserve Co.
Nov. 13 (letter of notification) 300,000 shares of common stock (par 30 cents). **Price**—$1 per share. **Proceeds**—To invest in the common stock of its proposed subsidiary, Continental Reserve Life Insurance Co. **Office**—914-916 Kearns Bldg., Salt Lake City, Utah. **Underwriter**—Columbine Securities Corp., Denver, Colo.

★ **Control Electronics Co., Inc.**
Dec. 23 filed 165,000 shares of common stock (par $3). **Price**—At par. **Proceeds**—To repay $80,000 of bank loans; $50,000 to replace working capital expended for equipment and machinery; $50,000 to increase sales efforts, including the organization of sales offices on the West Coast and in the Chicago areas; and $50,000 to further development of delay lines, filters and microwave devices. The balance of the proceeds will be added to working capital. **Office** — 10 Stepar Place, Huntington Station, N. Y. **Underwriters**—Milton D. Blauner & Co., Inc., David Finkle & Co. and Gartman, Rose & Feur, all of New York.

★ **Consultants Bureau Enterprises, Inc.**
Dec. 29 filed 147,000 shares of class A common stock, of which 104,000 are to be offered for public sale for the account of the issuing company and 43,000 shares, representing outstanding stock, by the present holders thereof. **Price**—$3 per share. **Proceeds**—$100,000 to be allocated to translating and publishing additional new books; $25,000 to acquire and equip additional needed space for the company's operations; and the balance to acquire additional machinery and equipment for cold-type composition. **Office** — 227-239 West 17th Street, N. Y. **Underwriter**—William David & Co., Inc., N. Y.

Cooperative Grange League Federation Exchange, Inc.
Dec. 4 filed $250,000 of 4% subordinated debentures, 10,000 shares of 4% cumulative preferred stock, and 200,000 shares of common stock. The common shares may be offered only to present or prospective members of the Cooperative. **Prices**—For the debentures, 100% of principal amount; for the preferred, $100 per share; for the common, $5 per share. **Proceeds**—For general corporate purposes, including future redemptions of outstanding securities and property additions and improvements. **Office** —Terrace Hill, Ithaca, N. Y. **Underwriter**—None.

● **Coraloc Industries, Inc. (1/4)**
Oct. 30 (letter of notification) 5,450 shares of common stock (par $5) and 27,250 shares of preferred stock (par $10) to be offered in units of five shares of preferred and one share of common. **Price**—$55 per unit. **Proceeds** —For engineering and technical costs, sales, services, etc. **Business**—Manufactures swimming pools. **Office**—494 S. San Vicente Boulevard, Los Angeles 43, Calif. **Underwriter**—Edward Lewis Co., Inc., New York, N. Y. **Offering**—Expected shortly.

Cornbelt Insurance Co., Freeport, Ill.
Sept. 29 filed 200,000 shares of common stock to be offered for subscription by common stockholders of record Sept. 15, 1959, at the rate of four new shares for each 10 shares then held. Unsubscribed shares may be offered publicly. **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None, but brokers and dealers who join in the distribution will receive commission of 40 cents per share.

Cornbelt Life Co.
Sept. 29 filed 100,000 shares of common stock, to be offered to stockholders of record Sept. 15 on the basis of one share for each share then held. **Price**—$4.50 per share. **Proceeds**—To be credited to stated capital and paid-in surplus. **Office**—12 North Galena Avenue, Freeport, Ill. **Underwriter**—None.

Corrosion Control Co., Inc.
Dec. 11 (letter of notification) 60,000 shares of capital stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office** — 33 W. 42nd Street, New York, N. Y. **Underwriter**—Charles Plohn & Co., New York, N. Y. **Offering**—Expected in January.

Crest Investment Trust, Inc.
Nov. 30 filed 1,172 shares of type A and 7,400 shares of type B common stock, together with $42,500 of 6% debenture notes. **Price**—$110 per share of stock; the notes will be offered in units of $500. **Proceeds**—For expansion. **Office**—41 W. Preston St., Baltimore, Md.

Crown Aluminum Industries Corp.
Nov. 30 filed $1,500,000 of 17-year, 7½% debentures, due Jan. 15, 1977, and 180,000 shares of common stock, to be offered in units of $100 of debentures and 12 shares of stock. **Price**—$160 per unit; and $6.50 per share for an additional 100,000 shares included in the registration statement and not covered above. **Proceeds**—For general corporate purposes, including 1,200,000 for installing and equipping a hot rolling mill. **Office**—202 Reynolds Arcade Bldg., Rochester, N. Y. **Underwriter**—Adams & Peck, New York City. **Offering**—Expected in January.

Crusader Oil & Gas Corp., Pass Christian, Miss.
May 26 filed 1,500,000 shares of common stock, of which 641,613 shares will be offered on a one-for-one basis to stockholders. The remaining 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes and for working capital. **Underwriter**—To be supplied by amendment.

Daryl Industries, Inc.
Dec. 15 filed 225,000 shares of common stock, of which 130,000 shares are to be offered for the account of the issuing company and 95,000 shares representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—7240 N. E. 4th Street, Miami, Fla. **Underwriter** — Clayton Securities Corp., Boston, Mass.

● **Data Control Systems, Inc.**
Dec. 18 filed 122,500 shares of common stock (par 10 cents), of which 75,000 are to be publicly offered, 10,000 are to be offered pursuant to the issuer's Employees' Stock Option Plan and 37,500, now outstanding, may be offered from time to time by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness. **Office**—39 Rose St., Danbury, Conn. **Underwriter**—C. E. Unterberg, Towbin Co., New York City.

Davega Stores Corp.
Nov. 25 filed 88,000 shares of common stock to be offered to present stockholders at the rate of one new share for each three shares held. **Price** — $7 per share. **Proceeds** — For expansion and other corporate purposes. **Office**—215 4th Ave., New York City, **Underwriter**—None.

Delaware Securities Corp.
Nov. 13 filed 700,000 shares of common stock (par one cent). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—50 Broadway, New York. **Underwriter**—None.

Deluxe Aluminum Products, Inc.
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla.

Denab Laboratories, Inc.
July 31 filed 50,000 shares of common stock (par $2.50). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including salaries, cars, promotion, inventory, the establishment of branch offices, expenses incidental to obtaining permission to do business in other states, and the establishment of a contingency reserve. **Office** —1420 East 18th Avenue, Denver, Colo. **Underwriter**—None.

Dentists' Supply Co. of N. Y.
Dec. 22 filed 200,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—York, Pa. **Underwriter**—Reynolds & Co., Inc., New York City.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York.

Don Mott Associates, Inc.
Oct. 27 filed 161,750 shares of class B, non-voting, common stock (par $5). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including payment on a building and the financing of loans. **Office**—Orlando, Fla. **Underwriter**—Leon H. Sullivan, Inc., Philadelphia, Pa., on a "best efforts" basis. **Offering**—Expected shortly.

Ekco Products Co.
Dec. 4 filed 21,609 shares of second cumulative preferred stock, 6% series, and 54,064 shares of common stock, to be offered in exchange for the common stock of Washington Steel Products, Inc., on the basis of one-half share of common and one-fifth of a share of preferred for each common share of Washington Steel. **Office**—1949 North Cicero Avenue, Chicago, Ill.

E. H. P. Corp.
Aug. 31 filed 160,000 shares of capital stock (par 10c), of which 100,000 shares are to be publicly offered. **Price** —$2.50 per share. **Proceeds** — To provide funds for the purchase of vending machines which will be used to distribute automobile breakdown insurance policies on thruways, parkways and highways in the amount of $25 of such breakdown insurance for the purchase price of 25 cents, and for a public relations and publicity program. **Office**—Hotel Troy Building, Troy, New York. **Underwriter**—John R. Boland & Co., Inc., New York. **Offering**—Expected in two to three weeks' time (subject to SEC approval).

ESA Mutual Fund, Inc.
June 29 filed 2,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Investment Adviser**—Yates, Heitner & Woods, St. Louis, Mo. **Underwriter**—ESA Distributors, Inc., Washington, D. C. **Office**—1028 Connecticut Avenue, N. W., Washington, D. C.

★ **Estates, Inc.**
Dec. 24 filed 200,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For purchase of various properties, for development and subdivision thereof, and to meet operating expenses, salaries and other costs, but principally for the purchase and development of large tracts of land. **Office**—3636-16th Street, N. W., Washington, D. C. **Underwriter**—Consolidated Securities Co. of Washington, D. C.

Fastline, Inc.
Nov. 6 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—8 Washington Place, New York, N. Y. **Underwriter** — Mortimer B. Burnside & Co., Inc., New York, N. Y. **Offering**—Expected any day.

★ **Finger Lakes Racing Association, Inc.**
Dec. 28 filed $4,500,000 of 20-year 6% subordinated sinking fund debentures due 1980 and 450,000 shares of class A stock (par $5) to be offered in units, each consisting of $100 of debentures and 10 shares of class A stock. **Price**—$155 per unit. **Proceeds**—For purchase of land and the cost of construction of racing plant as well as other organizational and miscellaneous expenses. **Office**—142 Pierrepont Street, Brooklyn, N. Y. **Underwriter** —Stroud & Co., Inc., New York and Philadelphia.

First Northern-Olive Investment Co.
Aug 17 filed 20 partnership interests in the partnership. Similar filings were made on behalf of other Northern-Olive companies, numbered "second" through "eighth." **Price**—$10,084 to $10,698 per unit. **Proceeds**—To purchase land in Arizona. **Office**—1802 North Central Ave., Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix. Statement effective Oct. 9.

● **Florida Tile Industries, Inc.**
Nov. 12 filed 89,285 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—It is expected that about $437,500 will be used for additional working capital and/or general corporate purposes, of which $250,000 may be expended for additional facilities, and that about $87,500 will be used to retire short-term bank loans. **Office**—Lakeland, Fla. **Underwriter** —Johnson, Lane, Space Corp., Savannah, Ga.

Florida West Coast Corp. (1/15)
Dec. 21 (letter of notification) 300,000 shares of common stock (par 1 cent). **Price**—$1 per share. **Proceeds** —For land acquisition. **Office**—30 E. 60th Street, New York City. **Underwriter** — Midtown Securities Corp., same address.

Formula 409, Inc.
Oct. 29 filed 300,000 shares of common stock (no par). **Price**—$1.50 per share. **Proceeds**—For advertising, reduction of indebtedness, bottling equipment, payment of $44,000 for acquisition of formula 409, a liquid degreaser, and office equipment. **Office**—10 Central Street, West Springfield, Mass. **Underwriter**—DiRoma, Alexik & Co., Springfield, Mass. **Offering**—Imminent.

Gallahue Naples Corp.
Dec. 17 filed 110,000 shares of class A stock, of which 75,000 shares are to be offered for the account of D. R. Gallahue, the issuer's President, and 35,000 shares are to be offered for the company itself. 55,000 of Gallahue's shares will be delivered in escrow, to be thus held until Dec. 31, 1961, for purchase of holders of transferable warrants to be issued by the company to buyers of the other 55,000 shares at the offering price. **Price**—To be supplied by amendment. **Proceeds** — To reduce indebtedness. **Office**—542 North Meridian Street, Indianapolis, Ind. **Underwriter**—Raffensperger, Hughes & Co., Inc., Indianapolis.

Gas Hills Uranium Co.
Oct. 28 filed 6,511,762 shares of common stock, of which 3,990,161 are to be offered for sale. The remaining 2,521,601 shares are owned or underlie options owned by officers and/or directors, affiliates, and associates of the issuing company. Of the shares to be sold, 415,000 shares are to be offered to holders of the outstanding common at the rate of one new share for each 20 shares held; 500,000 shares are to be offered in exchange for properties and services; 326,883 shares are to be offered to certain holders of the company's convertible promissory notes; and 2,748,278 shares are to be offered for the account of selling stockholders, of which number 655,500 shares represent holdings of management officials and affiliated persons. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the repayment of indebtedness. **Office** — 604 South 18th Street, Laramie, Wyo. **Underwriter**—None.

Gence & Associates, Inc.
Nov. 13 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To pay an outstanding obligation and for working capital. **Office** —1500 E. Colorado St., Glendale, Calif. **Underwriter**—California Investors, Los Angeles, Calif.

★ **General Acceptance Corp., Allentown, Pa.**
Dec. 29 filed $25,000,000 of senior debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term loans, with the balance for working capital. **Underwriters**—Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co., both of New York City.

General Aluminum Fabricators, Inc.
Dec. 15 filed 75,000 shares of common stock, each share bearing a warrant entitling the purchaser to buy one share of common at $4 until Jan. 30, 1961. **Price**—$4 per share. To reduce indebtedness, with the balance for working capital. **Office**—275 East 10th Avenue, Hialeah, Fla. **Underwriter**—Charles Plohn & Co., of New York City, on a "best efforts" basis. **Offering**—Expected in January.

General Coil Products Corp.
Oct. 29 (letter of notification) 99,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For automation of operations; working capital; additional equipment and machinery and research and development. **Office**—147-12 Liberty Ave., Jamaica, N. Y. **Underwriter**—A. T. Brod & Co., New York and Washington, D. C. **Offering**—Expected in two weeks (subject to Securities and Exchange Commission clearance).

General Electronic Laboratories, Inc.
Nov. 20 (letter of notification) an undetermined number of shares of class A common stock (par 33⅓ cents) amounting to approximately $300,000 to be offered to officers, directors and employees of the company. **Pro-**

ceeds—For general corporate purposes, including machinery, equipment and working capital. **Office**—195 Massachusetts Avenue, Cambridge, Mass. **Underwriter** — Kidder, Peabody & Co., Inc., Boston, Mass. on a "best efforts" basis.

General Finance Corp.
Sept. 11 filed 150,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital, with $15,000 being allocated for lease improvements and equipment and supplies. **Office** — Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc., Avenida Condado 609, Santurce, Puerto Rico. The statement has been withdrawn, and the filing of a new one is said by the underwriter to be imminent.

★ General Outdoor Advertising Co., Inc.
Dec. 21 (letter of notification) an undetermined number of shares of common stock (par $15) to be offered to employees under the Employees' Stock Purchase Plan. **Price**—At the market price. **Office**—Harrison & Loomis Streets, Chicago 7, Ill. **Underwriter**—None.

● General Public Utilities Corp. (1/4)
Nov. 24 filed 1,115,000 additional shares of common stock (par $2.50) being offered to common stockholders of record Dec. 30, 1959, on the basis of one new share for each 20 shares so held; rights to expire on Jan. 19, 1960. **Price**—$22 per share. **Proceeds**—To pay short-term bank loans, and the balance will be added to the general funds of the company. **Underwriter**—None, but dealers may sell unsubscribed shares and solicit subscriptions.

Gold Medal Packing Corp.
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York. **Name Change** — Formerly Eastern Packing Corp.

Gold Medal Studios, Inc.
Sept. 18 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes, including the purchase of additional studio equipment, investing in properties in the entertainment field, and the provision of funds for a down payment on another building or buildings. **Office**—807 E. 175th Street, New York, N. Y. **Underwriter**—Arnold Malkan & Co., Inc., New York.

Granco Products, Inc.
Oct. 21 (letter of notification) 42,860 warrants and 60,000 shares of common stock (par 50 cents). The stock is underlying the warrants, and the purpose of the filing was to permit the warrant holders to exercise their warrants and buy the underlying stock at $2.50 per share during the life of the warrant. The expiration date of the warrant is Feb. 25, 1961. The price of the warrant is at the market. **Proceeds**—In the first instance, to the warrant holders; if they convert, Granco's treasury will receive $2.50 per share. **Office**—36-17 20th Ave., Long Island City, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York City.

★ Great American Publications, Inc.
Dec. 23 filed 235,000 shares of common stock, of which the company proposes to offer 218,000 shares for sale initially to stockholders (other than officers, directors and principal sotckholders). Shares not purchased by stockholders and 4,500 shares purchased by the underwriter (Smith, Holly & Co., Inc.) at 10c per share are to be publicly offered. The underwriter, however, has agreed to purchase only 30,000 shares and to use its best efforts in the distribution of the remaining 188,000 shares. The remaining 12,500 shares are being registered for the account of Mortimer B. Burnside & Co., Inc., in consideration of its release of certain rights under prior underwriting agreements. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital; for retirement of short-term indebtedness; and for promotion and development of its various publications. **Office**—270 Madison Ave., N. Y. **Underwriter**—Smith, Holly & Co., Inc., New York. **Note**—A year-end 4% stock dividend has been declared payable Jan. 22 to holders of record Jan. 8.

Great Lakes Bowling Corp.
Aug. 31 filed 120,000 shares of common stock (par $1) **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. **Office**—6336 Woodward Ave., Detroit, Mich. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill. **Offering**—Expected sometime after Jan. 1, 1960.

Green River Production Corp.
Oct. 15 (letter of notification) 200,000 shares of common stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—For expenses for exploring for oil and gas. **Office**—212 Sixth Ave., South, Nashville, Tenn. **Underwriter**—Crescent Securities Co., Inc., Bowling Green, Ky.

Greer Hydraulics, Inc.
Nov. 27 filed 250,000 additional shares of common stock ($.50 par) to be offered for subscription by holders of the outstanding common. **Price** — To be supplied by amendment. **Office**—Jamaica, L. I., N. Y. **Proceeds**—To relocate company in Los Angeles, with the balance to be used for general corporate purposes, including the reduction of indebtedness. **Underwriter** — Burnham & Co., New York City. **Offering**—Expected in January.

Growth Fund of America, Inc.
Feb. 4 filed 250,000 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For investment **Office** — 1825 Connecticut Avenue, Washington, D. C **Investment Advisor** — Investment Advisory Service, Washington, D. C. **Underwriter**—Investment Management Associates, Inc., Washington, D. C. The statement became effective July 24.

Guaranty Insurance Agency, Inc.
See, Mortgage Guaranty Insurance Corp., below.

Guardian Tilden Corp.
Dec. 17 filed 100,000 shares of cumulative preferred stock (par $10), $1,060,000 of 15-year 8% subordinated capital notes, and $1,250,000 of 12-year 7% subordinated capital notes. **Prices** — At par and principal amounts. **Proceeds** — For general corporate purposes. **Office** — 45-14 Queens Boulevard, Long Island City, N. Y. **Note:** The securities are to be offered first to holders of securities in Guardian Loan Co., Inc. and Tilden Commercial Alliance, Inc., subsidiaries of the issuing company. **Underwriter**—None.

Harmar Co., Inc.
Nov. 18 (letter of notification) $50,000 of 6% 10-year convertible subordinated debentures series A to be offered in denominations of $500 each. Debentures are convertible into class B common stock at the rate of five shares for each $500 debenture. **Price**—At par. **Proceeds**—For working capital. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

(B. M.) Harrison Electrosonics, Inc. (1/6)
Sept. 25 filed 133,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the provision of funds to assist the company's expansion into the civilian market. **Office** — Newton Highlands, Mass. **Underwriter**—G. Everett Parks & Co., Inc., 52 Broadway, New York City.

Hebrew National Kosher Foods, Inc.
Dec. 11 filed 350,000 shares of common stock, of which 175,000 shares are to be offered for the account of the issuing company and 175,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 178 South Elliott Place, Brooklyn, N. Y. **Underwriters** — Brand, Grumet & Seigel, Inc., and Arnold Malkan & Co., Inc., both of New York City, on a "best efforts" basis.

Hickerson Bros. Truck Co., Inc.
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O Box 68, Great Bend, Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo. **Offering**—Expected shortly.

★ Hi-Press Air Conditioning Corp. of America
Dec. 29 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital. **Office**—405 Lexington Ave., New York City. **Underwriter**—Plymouth Securities Corp., New York City.

Home Oil Co., Ltd.
Dec. 16 filed $20,000,000 of convertible subordinated debentures, due Jan. 15, 1975, and convertible into common stock of Trans-Canada Pipe Lines Ltd. (about 20%-owned by Home Oil) beginning Aug. 1, 1960. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including reduction of indebtedness. **Underwriters**—Lehman Brothers, New York City, will manage the American group and Wood, Gundy & Co. Ltd., of Toronto, the Canadian one.

Honeycomb Products, Inc.
Nov. 10 (letter of notification) amended Dec. 16, 90,000 shares of capital stock (no par). **Price** — $3 per share. **Proceeds** — To pay for the cost of plant machinery and working capital. **Office** — 8 Orchard Dr., Mt. Vernon, Ohio. **Underwriter**—Hardy & Hardy, New York, N. Y. **Offering**—Expected in about two weeks.

● Horne's Enterprises, Inc.
Dec. 16 filed 235,000 shares of common stock (par $1), to be publicly offered and 45,000 shares reserved for issuance to employees. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes, including expansion. **Office**—Bayard, Fla. **Underwriters**—Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla., and Johnson, Lane Space Corp., Savannah, Ga.

Howe Plastics & Chemical Companies, Inc.
Dec. 14 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—125 E. 50th Street, New York, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, N. Y.

Hycon Manufacturing Co.
Aug. 28 filed 126,316 shares of common stock, which were issued to Avco Corp. on Dec. 8, 1958, at $2.375 per shares, and which will now be publicly offered by Avco. **Price**—To be related to the prices prevailing in the over-the-counter market at the time, or times, the stock is sold. **Office**—1030 South Arroyo Parkway, Pasadena, Calif. **Underwriters**—The offering will be made through registered brokers and dealers who are NASD members.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1) **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver Colo.

Inland Western Loan & Finance Corp.
Sept. 24 filed $1,000,000 of 6% capital debentures. **Price** —To be supplied by amendment. **Proceeds**—To discharge loans from banks and from the Commercial Life Insurance Co.; to furnish operating capital for subsidiaries; and to establish new subsidiaries or branches or already existing ones. **Office**—10202 North 19th Ave., Phoenix, Ariz. **Underwriter**—The underwriters, if any, will be named by amendment.

● Integrand Corp. (1/19)
Oct. 13 filed 85,000 shares of common stock (par 5c). **Price**—$4 per share. **Proceeds** — For general corporate purposes, including the redemption of outstanding preferred stock and new plant equipment. **Office**—Westbury, L. I., N. Y. **Underwriter**—DiRoma, Alexik & Co., Springfield, Mass.

International Aspirin Corporation
Dec. 7 filed 600,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Broadway, Denver, Colo. **Underwriter**—Speculative Securities Corp., 915 Washington Street, Wilmington, Del., on a "best efforts" basis.

International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B, $500,000, two-year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). Price —100% of principal amount. Proceeds — For working capital. Underwriter—Johnston, Lemon & Co., Washington, D. C. Offering—Indefinitely postponed.

Investment Trust for the Federal Bar Bldg.
Aug. 14 filed 500 Beneficial Trust Certificates in the Trust. **Price**—$2,600 per certificate. **Proceeds**—To supply the cash necessary to purchase the land at 1809-15 H St., N. W., Washington, D. C., and construct an office building thereon. **Office**—Washington, D. C. **Underwriters**—Hodgdon & Co. and Investors Service, Inc., both of Washington, D. C., and Swesnick & Blum Securities Corp.

★ Investors Stock Fund, Inc., Minneapolis, Minn.
Dec. 28 filed (by amendment) an additional 5,000,000 shares of its stock. **Price**—At market. **Proceeds**—For investment.

Irando Oil & Exploration, Ltd.
April 24 filed 225,000 shares of common stock. **Price**—90 cents per share. **Proceeds**—To defray the costs of exploration and development of properties and for the acquisition of other properties; also for other corporate purposes. **Office**—1950 Broad St., Regina, Sask., Can. **Underwriter** — Laird & Rumball, Regina, Sask., Can.

Island Industries, Inc.
Nov. 23 (letter of notification) $200,000 of 10-year 10% registered debentures. **Price**—$100 per debentures. **Proceeds**—For general corporate purposes. **Office** — 30 E. Sunrise Highway, Lindenhurst, N. Y. **Underwriter** — Heft, Kahn & Infante, Inc., Hempstead, L. I., N. Y.

Jessop Steel Co. (1/12)
Dec. 4 filed $3,000,000 of convertible subordinated debentures, due Jan. 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Washington, Pa. **Underwriter**—Hornblower & Weeks, New York City.

Kansas City Power & Light Co. (1/6)
Nov. 30 filed $20,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers and Bear Stearns & Co. (jointly).

Kansas Gas & Electric Co. (1/19)
Nov. 20 filed 200,000 shares of common stock (no par). **Proceeds**—For the construction of electric facilities and for other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co., Glore, Forgan & Co. and Goldman, Sachs & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on Jan. 19 at Room 2033, Two Rector Street, New York 6, N. Y.

Lafayette Radio Electronics Corp.
Dec. 4 filed 225,000 shares of common stock ($1 par). **Price**—$5 per share. **Proceeds**—For general corporate purposes including inventory, leasehold improvements, and working capital. **Office** — 165-08 Liberty Avenue, Jamaica, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York City. **Offering**—Expected in January.

Lake Aircraft Corp., Sanford, Me.
Nov. 20 filed 135,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To repay $25,000 indebtedness to the Sanford Trust Co., for remaining payment on purchase by the company of certain assets of Colonial Aircraft Corp., and for other corporate purposes. **Underwriter**—Mann & Gould, Salem, Mass.

Lancer Industries, Inc.
Nov. 27 filed 200,000 shares of $.70 convertible preferred stock (par $10). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—22 Jericho Turnpike, Mineola, L. I., N. Y. **Underwriter**—Charles Plohn & Co., New York City. **Offering**—Expected in January.

Lawn Electronics Co., Inc.
Nov. 25 (letter of notification) 133,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Office** — Woodward Road, Englishtown, N. J. **Underwriter**—Prudential Securities Corp., Staten Island, N. Y.

● Laymen Life Insurance Co.
Nov. 30 filed 175,000 shares of common stock (par $1), of which 35,000 shares are to be offered by company and 140,000 shares are to be offered by Laymen of the Church of God, with which the company is merging. **Price**—To be supplied by amendment. **Proceeds**—For working cap-

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ital. Office—1047 Broadway, Anderson, Indiana. Underwriter—To be supplied by amendment.

★ Levitt & Sons, Inc., Levittown, N. J.
Dec. 28 filed 600,000 outstanding shares of its capital stock. Price—To be supplied by amendment; it will reportedly be about $10 per share. Proceeds—To William J. Levitt, President (selling stockholder). Underwriter—Ira Haupt & Co., New York.

Lewiston, Greene & Monmouth Telephone Co.
Dec. 17 (letter of notification) 6,500 shares of common stock. Price—At par ($10 per share). Proceeds—To replace and enlarge the company's telephone exchange at Greene, Maine. Office—Greene, Maine. Underwriter—None.

Life Insurance Co. of Florida
Sept. 28 filed 203,476 shares of common stock (par $1). Price—$4.50 per share. Proceeds—For expansion. Office—2546 S. W. 8th St., Miami, Fla. Underwriter—Plymouth Bond & Share Corp., Miami.

Liquid Veneer Corp.
Nov. 16 (letter of notification) 150,000 shares of common stock (par 10 cents). Price — $2 per share. Proceeds — For general corporate purposes. Office — 211 Ellicott Street, Buffalo, N. Y. Underwriter—B. D. McCormack Securities Corp., New York, N. Y.

Lockhart Corp.
Dec. 14 filed 100,000 outstanding shares of common stock. Price—To be supplied by amendment. Proceeds—To selling stockholders. Office—359 South Main Street, Salt Lake City, Utah. Underwriter—Schwabacher & Co., San Francisco, Calif.

Louisiana Gas Service Co. (1/19)
Dec. 4 filed $7,500,000 of first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co. (jointly); Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly). Bids—Expected to be received on Jan. 19.

★ (G. B.) Macke Corp., Washington, D. C.
Dec. 29 filed 125,000 shares of class A common stock, of which 105,000 shares are to be publicly offered and 20,000 shares offered to employees. Price—For the publicly offered shares the price will be supplied by amendment. For the shares to be offered to employees the price per share will be $9.50 in cash or $9.75 if the purchase price is paid through wage deductions. Proceeds—For general corporate purposes. Underwriter—Auchincloss, Parker & Redpath, Washington, D. C.

M. & S. Oils Ltd.
May 11 filed 390,000 shares of common stock. Price—60 cents per share. Proceeds — For exploration, development and acquisitions. Office—5 Cobbold Block, Saskatoon, Saskatchewan, Canada. Underwriter — Cumberland Securities Ltd., Regina, Saskatchewan, Canada.

Magna-Bond, Inc.
Nov. 9 (letter of notification) 150,000 shares of common stock (par 10 cents). Price—$2 per share. Proceeds—For general corporate purposes. Business — Protective coatings. Office—1718 S. 6th Street, Camden, N. J. Underwriter—American Diversified Securities, Inc., 1028 Connecticut Avenue, N. W., Washington 6, D. C.

Magnuson Properties, Inc.
June 29 filed 500,000 shares of class A common stock (amended on Aug. 24 to 150,000 shares of 6½% cumulative convertible preferred stock, par $10), and 150,000 shares of class A common stock, par $1, with common stock purchase warrants. Each share of class A common stock carries one warrant entitling the registered holder to purchase one share of such common stock at an initial price of $11 per share. Price—For preferred, at par; and for class A, $10.10 per share. Proceeds—$291,099 is to be expended during the period ending Aug. 31, 1960 for mortgage payments and releases; $465,000 will be paid on notes acquired by members of the Magnuson family in the transfers of subsidiaries and properties to the company; $106,000 will be used to close certain options and purchase contracts covering lands in the Melbourne-Cape Canaveral area; the balance will be added to the general funds of the company and used for general corporate purposes. Office—20 S. E. 3rd Ave., Miami, Fla. Underwriter—Blair & Co. Inc., New York. Offering—Expected this Fall.

Marine Fiber-Glass & Plastics, Inc.
Nov. 30 (letter of notification) 200,000 shares of common stock (par 10 cents). Price—$1.50 per share. Proceeds—For new plant expenditures, research and development and for working capital. Office — 2901 Blakely Street, Seattle 2, Wash. Underwriter — Best Securities, Inc., New York, N. Y.

Mayfair Markets
Oct. 1 filed 301,177 shares of common stock (par $1), being offered to holders of such stock on the basis of one new share for each five shares held Nov. 13. Rights are scheduled to expire in February. Price—$10 per share. Proceeds—For general corporate purposes, including expansion and working capital. Office—4383 Bandini Blvd., Los Angeles, Calif. Underwriter—None.

Micronaire Electro Medical Products Corp. (1/4)
Oct. 16 filed 200,000 shares of common stock (par 10 cents) and 50,000 one-year warrants for the purchase of such stock at $3 per share, to be offered in units of 100 shares of common stock and 25 warrants. Price—$275 per unit. Proceeds—For general corporate purposes, including the discharge of indebtedness, the expansion of sales efforts, and for working capital. Office—79 Madison Avenue, New York City. Underwriter—General Investing Corp., New York.

Mid-America Minerals, Inc.
Nov. 16 filed 400,000 shares of class A common stock (par $1). Price—$5 per share. Proceeds—For general corporate purposes, including the reduction of indebtedness, acquisition of properties, and additional working capital. Office—500 Mid-America Bank Building, Oklahoma City, Okla. Underwriter—None.

Midwestern Financial Corp.
Nov. 9 filed 250,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds—To pay the $1,360,000 balance to Majestic Mortgage Co. due in connection with the issuing company's acquisition of all of the outstanding stock of Majestic Savings & Loan Association, with about $650,000 to be used for capital contributions to its savings and loan associations and for loans to other subsidiaries, $51,000 to be used to repay principal and interest on a short-term bank loan, and $55,000 to be used as additional working capital. Office—2015 13th Street, Boulder, Colo. Underwriters—W. R. Staats & Co., Los Angeles, Calif., and Boettcher & Co. and Bosworth, Sullivan & Co., Inc., both of Denver, Colo.

Mifflin, McCambridge Co.
Dec. 15 (letter of notification) 100,000 shares of common stock (par $1). Price—$3 per share. Proceeds—For construction, new equipment, sales promotions and working capital. Office—6400 Rhode Island Avenue, Riverdale, Md. Underwriter—Harrison & Co., Philadelphia, Pa.

★ Minute Maid Corp., Orlando, Fla.
Dec. 23 filed 311,966 shares of common stock to be offered to former holders of common stock of Tenco, Inc., in part consideration for all of the outstanding stock of Tenco sold to Minute Maid. Certain of the Tenco stockholders have indicated their intention to sell the shares to be received by them on the New York Stock Exchange.

Modern Pioneers' Life Insurance Co.
Dec. 4 (letter of notification) 47,687 shares of common stock (par $1) to be offered to policyholders of Modern Pioneers' Insurance Co. and the company for cash or transfer of dividends. Price—$2 per share. Proceeds—For working capital. Office—811 N. Third Street, Phoenix, Ariz. Underwriter—Associated General Agents of North America, Inc.

● Mohawk Airlines Inc.
Nov. 9 filed $3,500,000 of 6% convertible subordinated debentures, due Dec. 1, 1974, $1,917,500 of which are to be offered in exchange for a like amount of company's outstanding 5½% convertible subordinated debentures, due 1966. The remainder, plus any not taken in the exchange offer, are to be publicly offered. Price.—To be supplied by amendment. Proceeds — For general corporate purposes, including debenture redemption, airplane equipment, and working capital. Office—Utica, N. Y. Underwriter—Dempsey-Tegeler & Co., St. Louis, Mo. Offering—Expected middle of January.

● Mohawk Business Machines Corp. (1/4)
Oct. 29 filed $600,000 of 6% 10-year subordinated convertible debentures, due 1969, and 30,000 outstanding shares of common stock (par 40 cents). Price—For the debentures, 100% of principal amount; for the common stock, at a price to be related to the market. Proceeds—To liquidate indebtedness in the amount of $150,000, with the remainder to purchase new equipment and machinery and be used as working capital. Office — 944 Halsey Street, Brooklyn, N. Y. Underwriter—Myron A. Lomasney & Co., New York.

Montgomery Mortgage Investment Corp.
Oct. 16 filed $3,000,000 of second mortgage notes and accompanying repurchase agreements, to be offered in $3,000 units. Price—From $2,000 to $4,000 per unit. Proceeds—To purchase other second trust notes and to maintain a reserve for repurchase of notes under its repurchase agreements. Office—11236 Georgia Avenue, Silver Spring, Md. Underwriter—There is no underwriter as such, but Adrienne Investment Corp., an affiliate of the issuing company, will act as sales agent, for which it will receive a selling commission of 7%.

★ Montmartre Hotel, New York City
Dec. 29 filed $1,234,000 of limited partnership interests, to be offered for sale in $6,000 units.

Montreal Metropolitan Corp. (1/26)
Dec. 23 filed $30,000,000 of sinking fund debentures, due Feb. 1, 1985, to be redeemable at the option of the issuer on or after Feb. 1, 1970. Price—To be supplied by amendment. Proceeds—To repay bank loans incurred for construction. Office—Quebec, Canada. Underwriters—First Boston Corp. and associates.

★ Morse Electro Products Corp.
Dec. 28 filed 120,000 shares of common stock. Price—$7 per share. Proceeds—Together with other funds, will be used for the opening of three additional retail stores, and for additional working capital. Office — 122 West 26th Street, New York. Underwriters—Standard Securities Corp. and Irving Weis & Co., both of New York, on an all-or-nothing basis.

Mortgage Guaranty Insurance Corp.
Sept. 23 filed 40,000 shares of common stock (par $10) in a joint registration with Guaranty Insurance Agency, Inc., which filed 10,000 shares of its own common stock (par $5). Price—$115 per unit of four shares of Mortgage common and one share of Guaranty common. Proceeds—Mortgage will use its proceeds fo rexpansion; Guaranty will use its proceeds for additional working capital. Office—(of both firms) 606 West Wisconsin Ave., Milwaukee, Wis.

Munston Electronic Manufacturing Corp.
Nov. 9 (letter of notification) 50,000 shares of common stock (par 10 cents). Price—$6 per share. Proceeds—For general corporate purposes. Office—Beech Street, Islip, N. Y. Underwriter—Heft, Kahn & Infante, Inc., Hempstead, N. Y. Offering—Expected in January.

● Murphy Finance Co.
Dec. 21 filed 100,000 shares of common stock (par $10). Price—To be supplied by amendment. Proceeds—For working capital and debt reduction. Office—174 E. 6th St., St. Paul, Minn. Underwriter—Piper, Jaffray & Hopwood, Minneapolis, Minn.

Mutual Credit Corp.
Oct. 6 (letter of notification) $300,000 of 6½% convertible subordinated debentures, series A, due Oct. 1, 1969. Debentures are convertible at any time through Oct. 1, 1968 into class A non-voting common stock (par $5) at the rate of 100 shares of such stock for each $500 of debentures converted. Price—At face amount. Proceeds—For the general funds of the company. Office—c/o Raymond F. Wentworth, 6 Milk St., Dover, N. H. Underwriter—Eastern Investment Corp., Manchester, N. H.

Narda Microwave Corp.
June 16 filed 50,000 shares of common stock (par 10 cents) and 50,000 warrants to be offered in units, consisting of one share of common stock with attached warrant entitling the holder to purchase one additional share. The statement also includes an additional 10,000 shares of common stock reserved for issuance to key employees pursuant to options. Price—To be supplied by amendment. Proceeds — To be used to retire bank loans. Underwriter—Milton D. Blauner & Co., Inc., New York. Indefinitely postponed.

★ Nassau Physicians Guild Investment Co., Inc.
Dec. 23 filed 200,000 shares of capital stock. Sale of the shares of the Fund will be restricted to regular and associate members of the Nassau Physicians Guild, Inc., who are residents of New York State. Proceeds—For investment. Office — 1200 Stewart Ave., Garden City, L. I., N. Y. Underwriter—None.

National Bellas Hess, Inc.
Oct. 27 filed $5,318,800 of convertible subordinated debentures, due Oct. 1, 1984, being offered to common stockholders on the basis of $100 of debentures for each 50 shares held. Rights expire Jan. 5. Price — At par. Proceeds—For general corporate purposes, including the investment in the issuing company's membership discount department store operations. Office—14th Avenue & Swift Street, North Kansas City, Mo. Underwriter—Stern Bros. & Co., Kansas City, Mo.

National Citrus Corp.
April 20 (letter of notification) 150,000 shares of class A common stock. Price—At par ($2 per share). Proceeds—For new equipment, inventory and working capital. Address—P. O. Box 1658, Lakeland, Fla. Underwriter—R. F. Campeau Co., Inc., Detroit, Mich. On Oct. 29 the issue was accepted for filing with the Michigan Corporation and Securities Commission.

★ National Equipment Rental, Ltd.
Dec. 30 filed $2,000,000 of 6% subordinated sinking fund debentures, due Feb. 1, 1970, with common stock purchase warrants attached, and 207,500 shares of common stock, of which 127,500 shares of the common are to be offered for the account of selling stockholders, 80,000 shares of the common are to be reserved for issuance upon the exercise of the warrants, and the remaining 100,000 common shares are to be offered in units with the debentures, each unit to consist of 10 common shares and $200 principal amount of debentures. Price—$250 per unit. Proceeds—For working capital, to be used for expansion. Office—Floral Park, L. I., N. Y. Underwriter—Burnham & Co., New York City.

National Homes Corp. (1/12)
Nov. 25 filed warrants for the purchase of 60,100 shares of class B common stock (par $.50). Price—To be supplied by amendment. Office—Earl Avenue & Wallace St., Lafayette, Ind. Underwriter—White, Weld & Co., New York City.

North Carolina Telephone Co.
Sept. 4 filed 576,405 shares of common capital stock, to be offered for subscription by holders of outstanding stock in the ratio of two new shares for each five shares held. Price—$2 per share. Proceeds—To reduce indebtedness with the balance, if any, to be used as working capital. Office—Matthews, N. C. Underwriter—One or more security dealers will be offered any shares not subscribed for at $2 per share.

● Northern Illinois Gas Co. (1/12)
Dec. 8 filed 150,000 shares of preferred stock (par $100). Price—To be supplied by amendment. Proceeds—To retire loans and add to working capital. Office—50 Fox Street, Aurora, Ill. Underwriters—First Boston Corp. & Glore, Forgan & Co., both of New York City. These shares are entitled to a sinking fund, sufficient to retire 3,000 shares annually, commencing May 1, 1963, payable prior to common dividends but after preferred dividends and subject only to adequacy of "available net income," but fully cumulative.

Nu-Era Corp.
Nov. 30 filed 275,000 shares of common stock, of which 200,000 are to be publicly offered. Price—$3.75 per share. Proceeds—To reduce indebtedness and increase inventories of gears and mufflers. Office — 342 South St., Rochester, Michigan. Underwriter—Mortimer B. Burnside & Co., Inc., on an "all or nothing best efforts" basis. The underwriter will receive $15,000 for expenses, a $.75 per share selling commission on the 200,000 shares comprising the public offering, and the privilege of purchasing 37,500 shares of the common stock at $.10 per share. The 37,500 shares thus far unaccounted for are to be sold to John L. Appelbaum at $.10 per share in consideration of certain services rendered.

Occidental Petroleum Corp.
Oct. 29 filed 615,854 shares of common stock (par 20 cents), 307,927 shares of which are to be offered for sub-

scription by holders of outstanding common stock at the rate of one new share for each 10 shares held. The remaining shares are to be offered to a group of individuals, not as yet named, who have agreed to purchase not less than 307,925 shares, and will also be offered shares not bought by the holders of the outstanding common. **Price**—To be supplied by amendment. **Proceeds**—For drilling, exploration, development, and to purchase an interest in Parker Petroleum Co. **Office**—8255 Beverly Boulevard, Los Angeles, Calif. **Underwriter**—None.

Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 5 cents. **Price**—$2 per share. **Proceeds**—To retire bank loans and for investment purposes **Office**—513 International Trade Mart, New Orleans, La. **Underwriter**—Assets Investment Co., Inc., New Orleans, La. The SEC "stop order" hearing has been postponed from Dec. 23 to Jan. 23.

Old Empire, Inc. (1/4)
Nov. 30 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office** — 865 Prospect Ave., Newark, N. J. **Underwriter**—Laird, Bissell & Meeds, New York, N. Y.

Ovitron Corp., Detroit, Mich.
Oct. 27 filed 150,000 shares of common stock (par one cent). **Price**—$6 per share. **Proceeds**—For research and working capital. **Underwriter**—Sutro Bros. & Co., New York.

★ Oxy-Catalyst, Inc.
Dec. 23 filed 28,637 shares of common stock. The company proposes to offer 11,372 shares for subscription by its common stockholders of record Jan. 15, 1960, upon the basis of one new share for each 50 shares then held. The remaining 17,265 shares are to be offered to certain officers and employees of the company upon the exercise of options to purchase said shares, the option price being $9.35 as to 6,575 shares and $11 as to 10,690. **Price**—For rights offering, to be supplied by amendment. **Proceeds**—For additional working capital. **Office**—511 Old Lancaster Road, Berwyn, Pa. **Underwriter**—None.

Pacific Fasteners Corp.
Nov. 27 filed 150,000 shares of capital stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For new equipment and machinery and working capital. **Office**—640 E. 61st Street, Los Angeles, Calif. **Underwriter** — Holton, Henderson & Co., Los Angeles.

Pacific Gold, Inc.
Dec. 9 (letter of notification) 75,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For mining expenses. **Office**—404 Mining Exchange Building, Colorado Springs, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Pacific Uranium Mines Co.
Oct. 20 filed $3,000,000 of 6% secured notes, 675,000 common stock purchase warrants, and 675,000 shares of common stock. $1,600,000 of the notes and 360,000 warrants are to be offered to holders of $1,600,000 of outstanding notes. The remaining $1,400,000 of new notes and 315,000 warrants are to be offered to American Securities Corp., acting on behalf of their clients, for a total sum of $1,344,000 for the notes and $56,000 for the warrants.

Pancoastal Petroleum Co.
Dec. 13 filed 300,000 shares of common capital stock and voting certificates therefor, which shares are to be offered for sale on the American Stock Exchange from time to time. **Price**—At market. **Proceeds**—For drilling, construction, and debt reduction. **Office**—Caracas, Venezuela. **Underwriter**—None.

Pan-Alaska Fisheries, Inc.
Dec. 14 (letter of notification) 60,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—To purchase or charter additional ships and equipment; to pay balance of mortgage and for working capital. **Office**—Dexter Horton Building, Seattle 4, Wash. **Underwriters**—Ross Securities, Inc., New York, N. Y. and First Pacific Equities Corp., Portland, Ore.

Pathe News, Inc.
Sept. 17 filed 400,000 shares of common stock (par 10 cents) with warrants to purchase an additional 100,000 common shares at $3.25 per share. **Price** — $3.75 per share, with warrants. **Proceeds**—For general corporate purposes, including the addition of working capital, the reduction of indebtedness, and the provision of the $173,000 cash required upon the exercise of an option to purchase the building at 245-249 W. 55th St., New York. **Office**—245 W. 55th Street, New York. **Underwriter**—Hilton Securities, Inc., formerly Chauncey, Walden, Harris & Freed, Inc., New York. **Offering**—Expected in about 30 days.

Petroleum Projects
Oct. 13 filed $1,500,000 of participations in oil and gas exploratory fund. **Price** — The minimum participation will cost $10,000. **Office**—Madison, N. J. **Underwriter**—Mineral Projects Co., Ltd.

• Phillips Developments, Inc.
Dec. 21 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For property development, possible acquisitions, and working capital. **Office** — 1111 West Foothill Blvd., Azusa, Calif. **Underwriters**—Allen & Co., Bear, Stearns & Co., and Sutro Bros. & Co., all of New York City.

Pilgrim National Life Insurance Co. of America
Sept. 17 filed 100,000 shares of common stock (par $1), of which 55,000 shares are to be offered first to stockholders of record Aug. 31, 1959, and 45,000 shares (minimum) are to be offered to the public, which will also be offered any shares unsubscribed for by said stockholders **Price**—$5 per share. **Proceeds** — For general corporate purposes, possibly including the enabling of the issuing company to make application for licenses to conduct its insurance business in States other than Illinois, the sole State in which it is presently licensed. **Office**—222 W Adams Street, Chicago, Ill. **Underwriter**—None. Statement effective Nov.4.

Pioneer Finance Co. (1/6)
Dec. 7 filed 65,000 shares of convertible preferred stock (par $25), to be offered to holders of the outstanding common on the basis of one preferred share for each 15 common shares held on Jan. 6; rights are scheduled to expire Jan. 20. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—1400 First National Bank Bldg., Detroit, Mich. **Underwriters**—White, Weld & Co., Inc., New York City, and Watling, Lerchen & Co., Detroit, Mich.

★ Precision Transformer Corp., Chicago
Dec. 29 filed $700,000 of 6½% subordinated convertible debentures, due 1970, with attached warrants to purchase 28,000 common shares; and warrants for the purchase of 125,000 common shares, which may be issued to company-connected people; and 150,000 common shares. **Prices**—For the debentures, par; for the common, the price will be supplied by amendment. **Proceeds** — For debt reduction, plant construction, and equipment. **Underwriter**—John R. Boland & Co., Inc., New York City, who will work on a "best efforts" basis and receive a commission of $120 per $1,000 debentures sold.

★ Provident Fund for Income, Inc.
Dec. 23 filed 400,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office**—3 Penn Center Plaza, Philadelphia, Pa. **Underwriter and Distributor**—Provident Management Corp.

Prudential Commercial Corp.
Oct. 21 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—City of Dover, County of Kent, Del. **Underwriter**—All State Securities Inc., 80 Wall Street, New York, N. Y.

Puerto Rico Industries, Inc.
Oct. 15 filed 48,500 shares of class A common stock, (par $1), 200,000 shares of class B common stock (par $1) and $388,000 of 6% subordinated debentures, due July 1, 1971. With the exception of 151,500 shares of class B common allocated to the organizers of the company at par, the securities are to be offered to the public in units of $4,000 of debentures, 500 class A shares, and 500 class B shares. **Price**—$5,000 per unit. **Proceeds**—For investment in the securities of its subsidiary, Puerto Rico Meat Packing Co., Inc., which will use the funds, estimated at $600,000, as operating capital. **Address**—P. O. Box No. 622, Little Rock, Ark. **Underwriter**—None.

Red Fish Boat Co.
Oct. 22 (letter of notification) 400,000 shares of class A common stock (par 10 cents). **Price**—75 cents per share. **Proceeds**—To pay mortgages, accounts payable, purchase raw materials, expand production facilities and expansion of sales program. **Business**—Manufactures fiberglass boats. **Address**—P. O. Box 610 Clarksville, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Offering**—Expected shortly.

Reserve Insurance Co., Chicago, Ill.
Oct. 20 filed 110,837 shares of capital stock, of which 62,676 are to be sold for the company's account and 48,161 shares are to be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company to enable it to finance a larger volume of underwriting and to expand its area of operations. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill. **This offering will not be made in New York State. Offering**—Postponed indefinitely.

Roulette Records, Inc.
Aug. 27 filed 330,000 shares of common stock (one cent), of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including moving to new quarters and installing executive offices and sound studio facilities therein, acquiring technical equipment and machinery, and adding to working capital. **Office** — 659 10th Avenue, New York. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, formerly known as Chauncey, Walden, Harris & Freed at the same address, states that it is no longer underwriting this issue.

Seacrest Industries Corp.
Dec. 4 (letter of notification) 165,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—354 Franklin Avenue, Franklin Square, L. I., N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York, N. Y.

★ Secode Corp.
Dec. 28 filed $1,500,000 of 6% convertible subordinated debentures due July 1, 1965. The company proposes to offer $300,000 of the debentures in exchange for its 6% convertible notes due July 30, 1962; $587,000 in exchange for its demand notes totaling $587,000; and the balance, or $613,000, to the public for cash. **Office**—555 Minnesota Street, San Francisco, Calif. **Underwriter**—No underwriting is involved; but the debentures offered for the cash sale will be sold on a best efforts basis through dealers who will receive a 5% commission.

Security Mortgages, Inc.
Nov. 30 filed $250,000 of 11-year sinking fund debentures and 62,500 shares of class A common stock (par 15 cents), to be offered in units of 1 debenture and 25 common shares. **Price**—$100 per unit. **Proceeds**—To invest in equities and/or mortgages. **Office** — Denver 2, Colo. **Underwriter**—None.

Shield Chemical Ltd.
Sept. 8 (letter of notification) 95,000 shares of capital stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To purchase and install manufacturing equipment; control and test equipment; advertising and for working capital. **Office**—17 Jutland Road, Toronto, Canada. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colorado.

• Simplicity Manufacturing Co. (1/12)
Nov. 30 filed 397,192 shares of class A common stock (par $1) of which 100,000 shares are to be offered by issuing company and 297,192 shares are to be offered by the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—336 South Spring St., Port Washington, Wisconsin. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

★ Soroban Engineering, Inc.
Dec. 29 filed 100,000 shares of its common stock. **Price**—To be supplied by amendment. **Proceeds** — For acquisition of land and erecting an additional plant, for tooling and additional equipment, for fixtures and general furnishings for the new plant, and for reduction of bank indebtedness. **Office**—7725 New Haven Avenue, Melbourne, Fla. **Underwriter** — R. S. Dickson & Co., Inc., Charlotte, N. C.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries: to repay a bank loan of $6,400,000: to add to working capital: to retire certain long-term indebtedness: and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

South Bay Industries, Inc.
Dec. 11 filed 210,000 shares of class A stock. **Price**—$5 per share. **Proceeds**—To pay off bank loans, purchase machinery, and add to working capital. **Office** — 42 Broadway, New York City. **Underwriter**—Amos Treat & Co., Inc., of New York City, on a "best efforts" basis. **Offering**—Expected in February.

Southeastern Factors Corp. (1/19)
Dec. 9 filed $500,000 of 6% subordinated capital debentures, due Jan. 1, 1975, with warrants to purchase 100,000 shares of common stock. These debentures are to be offered on the basis of $1,000 principal amount of debentures, each such debenture bearing warrants for the purchase of 200 shares of common stock at $4.25 per share. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — Charlotte, N. C. **Underwriters**—Interstate Securities Corp., Charlotte, McCarley & Co., Asheville, N. C., and Citizens Trust Co., Greenwood, S. C.

Southern Growth Industries, Inc.
Nov. 12 filed 963,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For investment. **Office** — Greenville, S. C. **Underwriter** — Capital Securities Corp., 121 So. Main Street, Greenville, So. Car., on a "best efforts" basis, with a commission of 50 cents per share.

Southland Oil Ventures, Inc.
Nov. 27 filed $2,000,000 of participations in its 1960 Oil and Gas Exploration Program. **Price**—$5,000 per unit, with a minimum participation of $10,000. **Proceeds**—For exploration. **Office** — 2802 Lexington, Houston, Texas. **Underwriter**—The participations will be offered by officers of the company and by certain investment firms.

Southwestern Investment Co.
Nov. 2 filed 225,000 shares of common stock, of which 15,000 shares are to be offered to employees of the issuing company and its subsidiaries, and 210,000 shares represent outstanding stock held by previous stockholders of Southwest Acceptance Co., who may offer their shares. **Price**—At market. Office—Amarillo, Texas. **Underwriter**—None.

Sta-Brite Fluorescent Manufacturing Co.
Nov. 27 filed 140,000 shares of common stock (par $.10). **Price**—$5 per share. **Proceeds**—For plant improvements, opening new muffler and brake shops, advertising, new product engineering and promotion, and working capital. **Office**—3550 N. W. 49th St., Miami, Fla. **Underwriter**—Charles Plohn & Co., New York City. **Offering**—Expected in January.

Star Market Co.
Dec. 8 filed 200,000 shares of common stock, of which 50,000 are to be offered for the account of the issuing company, 125,000 are to be offered for the account of S. P. Mugar, President, and 25,000 are to be offered by Mugar to certain officers and employees of the company and its subsidiaries. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including construction. **Office**—297 Walnut Street, Newton, Mass. **Underwriter** — Hemphill, Noyes & Co., New York City.

State Industries
Oct. 5 filed $500,000 of 6% convertible subordinated debentures, due Oct. 1, 1974. **Price**—At 100% of principal amount. **Proceeds**—For general corporate purposes, including the purchase and installation of a modern paint plant, and the purchase and installation of new tube mill equipment. **Office**—4019 Medford St., Los Angeles, Calif. **Underwriter** — John Keenan & Co., Inc., Los Angeles. **Offering**—Expected any day.

Stelling Development Corp.
June 8 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share **Proceeds**—For mortgages, land, paving roads, loans payable, advertising, etc. **Office**—305 Morgan St., Tampa 2, Fla. **Underwriter**—Stanford Corp., Washington, D. C.

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Supermarket Service, Inc.
Oct. 14 (letter of notification) 9,000 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 103 E. Main St., Plainville, Conn. **Underwriter** — E. T. Andrews & Co., Hartford, Conn.

System Finance Co.
Dec. 15 (letter of notification) $250,000 of 6% subordinated notes due Jan. 1, 1966. **Price**—At face amount. **Proceeds**—For working capital. **Office**— 310 S. Sixth St., Champaign, Ill. **Underwriter** — Hurd, Clegg & Co., Champaign, Ill.

★ **Tayco Developments, Inc.**
Dec. 23 filed 5,390 shares of common stock to be offered for subscription by common stockholders at the rate of ten-seventy-fifths of a share for each share held. **Price**—$28.75 per share. **Proceeds**—For working capital and to secure additional patents on present inventions, and to continue and expand research and development work in the field of liquid compressibility devices and other areas. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

★ **Taylor Devices, Inc.**
Dec. 23 filed 18,705 shares of common stock to be offered for subscription by common stockohlders on the basis of six-tenths of one share for each share held. **Price**—$28.75 per share. **Proceeds** — To repay a short-term loan, for additional working capital, and to establish expanded executive sales and manufacturing personnel and to continue research and development, and the balance to lease or purchase additional factory and office space. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

Telechrome Manufacturing Corp.
Nov. 16 filed $750,000 of 6% convertible subordinated debentures, due 1969. **Price** — At 100% of principal amount. **Proceeds**—For general corporate purposes including expansion and debt reduction. **Office**—Amityville, L. I., N. Y. **Underwriters**—Amos Treat & Co., Inc., and Truman, Wasserman & Co., Inc., both of New York City. **Offering**—Expected in January, 1960.

TelePrompter Corp. (1/6)
Nov. 27 filed 125,000 shares of common stock ($1 par). **Price**—To be supplied by amendment. **Proceeds**—$690,000 to supply the cash portion of proposed acquisitions; $150,000 to reimburse Teleprompter's treasury for the purchase of Antennavision of Silver City, Inc., a New Mexico corporation; $100,000 to prepay in full a bank note due Dec. 31, 1960. **Office**—311 W. 43rd Street, New York City. **Underwriter**—Bear, Stearns & Co., New York City.

Tenney Engineering, Inc.
Dec. 18 filed $500,000 of 6½% convertible subordinated debentures, due January, 1970, and 25,000 shares of common stock. **Prices**—For the debentures: at 100% of principal amount; for the stock, to be supplied by amendment. **Proceeds** — For reduction of indebtedness, moving issuer's coil business from Michigan to North Carolina, and working capital. **Office**—1090 Springfield Road, Union, N. J. **Underwriter**—Milton D. Blauner & Co., Inc.

• **Texas National Petroleum Co.**
Nov. 27 filed $6,500,000 of 6½% sinking fund subordinated debentures, due Jan. 1, 1975, and warrants for the purchase of 650,000 shares of common stock ($1 par). These securities are to be offered in units of one $500 debenture and a warrant for the purchase of 50 shares of common stock. The debentures are redeemable at the option of the company, in whole or in part, at any time on 30 days' notice, at prices which are initially 105% declining to 100% on Jan. 1, 1974; the debentures are also redeemable on or after Jan. 1, 1966 through the operation of the sinking fund at 100%. **Price**—To be supplied by amendment. **Proceeds** — To discharge bank indebtedness; to pay Utah Southern Oil Co. $19,200,000 for various properties; and for general corporate purposes. **Office**—902 South Coast Bldg., Houston, Texas. **Underwriters**—Dean Witter & Co., San Francisco, Calif., and Cruttenden, Podesta & Co., Chicago, Ill. **Offering**—Expected in January.

★ **33 Industrials Fund, Inc.**
Dec. 21 filed 500,000 shares of common stock. **Office**—9363 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Investamerica Management Corp. of Calif., which also acts as the issuer's investment adviser.

Timeplan Finance Corp.
Oct. 8 (letter of notification) 28,570 shares of cumulative preferred stock (par $5) and 14,285 shares of common stock (par 10 cents) to be offered in units of one share of preferred and one-half share of common. **Price**—$10.50 per unit. **Proceeds**—For working capital. **Office**—111 E. Main St., Morristown, Tenn. **Underwriter**—Texas National Corp., San Antonio, Tex.

Tobin Craft, Inc. (1/4)
Nov. 17 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Address**—Bayville, Ocean County, N. J. **Underwriter**—General Investing Corp., New York, N. Y.

Tower's Marts, Inc.
Aug. 28 filed 300,000 shares of class A common stock (par 10 cents). Price—$3 per share. Proceeds—To reduce indebtedness by about $300,000, with the balance to be added to working capital of the company and its subsidiaries. Office—210 East Main Street, Rockville, Conn. Underwriters—To be supplied by amendment.

Transamerica Corp.
Nov. 9 filed 832,000 shares of capital stock (par $2), to be offered in exchange for the capital stock (par $6.25) of American Surety Co. of N. Y., on the basis of two shares of Transamerica for three shares of Surety. The offer is conditional upon holders of 51% of the Surety stock accepting the exchange. **Office**—Montgomery St. at Columbus Ave., San Francisco, Calif.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds—For development of oil properties. Underwriter—First Investment Planning Co., Washington, D. C.**

Transit Freeze Corp.
Dec. 3 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For expenses incidental to the development of a frozen food trucking business. **Office**—152 W. 42nd Street, New York City. **Underwriter** — Jerome Robbins & Co., 82 Wall Street, on a "best efforts" basis. **Offering**—Expected in January.

Trans-World Financial Co.
Oct. 26 filed 645,000 shares of common stock (par $1) of which 420,000 shares are to be offered for the account of the issuing company, and 225,000 shares are to be offered for the accounts of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans on its own behalf and that of a subsidiary, and to liquidate the unpaid balance for the common stock of a subsidiary, with the balance to be added to general funds. **Office** — 8001 Beverly Boulevard, Los Angeles, Calif. **Underwriter** — W. R. Staats & Co., Los Angeles, who has acquired for investment purposes in exchange for $20,000 cash the 10,000 shares of the filing not accounted for above. **Offering**—Expected shortly.

Tri-State Petroleum Corp.
Nov. 12 (letter of notification) 199,900 shares of common stock (par five cents). **Price**—$1.50 per share. **Proceeds**—For expenses for drilling and producing oil. **Office**—1403 G. Daniel Baldwin Bldg., Erie, Pa. **Underwriter**—Daggett Securities Inc., Newark, N. J.

(The) T Transportation Plan, Inc.
Oct. 7 filed $600,000 of 7% convertible subordinated debentures, due November, 1969, 60,000 shares of common stock (par one cent) and 30,000 common stock purchase warrants, to be offered in units consisting of $100 of debentures, 10 common shares, and 5 warrants. Price—$150 per unit. Proceeds—For general corporate purposes, including working capital. Office—120 Broadway, New York City. Underwriter—Ross, Lyon & Co., Inc., New York states that they are no longer underwriting this issue.

Turner Timber Corp.
Nov. 12 filed $2,000,000 of 6¾% convertible debentures, due 1969, and 250,000 shares of common stock (par one cent), to be offered in units consisting of $1,000 principal amount of debentures and 125 shares of stock. **Price**—$1,001.25 (plus accrued interest from 12/15/59) per unit. **Proceeds**—For the acquisition of coal and timber properties, with any balance to be added to working capital. **Office**—60 E. 42nd Street, New York City. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5 Price — $10 per share. Proceeds — For acquisition o operating properties, real and/or personal, includin office furniture, fixtures, equipment and office space, b lease or purchase. Office — Wilmington, Del. Under writer—None. Myrl L. McKee of Portland, Ore., i President.

U. S. Magnet & Alloy Corp.
Oct. 3 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—266 Glenwood Avenue, Bloomfield, N. J. **Underwriter**—Robert Edelstein Co., 52 Wall Street, New York 5, N. Y.

United Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). Price — $2 per share. Proceeds — For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. Office — 330 South 39th Street, Boulder, Colo. Underwriter—Mid-West Securities Corp., Littleton, Colo. Statement effective Oct. 9.

★ **Universal Transistor Products Corp.**
Dec. 18 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 36 Sylvester Street, Westbury, L. I., N. Y. **Underwriters**—Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc., New York, N. Y.

Val Vista Investment Co., Phoenix, Ariz.
June 29 filed 80 investment contracts (partnership interests) to be offered in units. **Price**—$5,378.39 per unit. **Proceeds**—For investment. **Underwriter**—O'Malley Securities Co. Statement effective Aug. 11.

Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. Price—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. Proceeds—For investment, etc. Office—1832 M Street, N. W., Washington, D. C. Underwriter—None.

Vickers-Crow Mines, Inc.
Nov. 23 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office** — 321½ Grant Ave., Eveleth, Minn. **Underwriter**—Sakier & Co., Inc., 50 Broad St., New York, N. Y.

Vita-Plus Beverage Co., Inc.
Aug. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—For publicity, advertising, business promotion and initiation of a program of national distribution and for working capital. Office—373 Herzl St., Brooklyn, N. Y. Underwriter—Glen Arthur & Co., New York, N. Y.

Washington Water Power Co. (1/7)
Nov. 24 filed $10,000,000 of first mortgage bonds and $5,000,000 of sinking fund debentures due 1985. **Price**—To be supplied by amendment. **Proceeds** — To repay notes due May 2, 1960 in the amount of $12,000,000, with the balance for construction. **Underwriters** — Kidder, Peabody & Co., Blyth & Co., Inc., White, Weld & Co. and Dean Witter & Co., all of New York.

Wear-Weld Engineering & Mfg. Co.
Nov. 16 (letter of notification) $150,000 of 7% 16-year debentures to be offered in denominations of $250 and 75,000 shares of common stock (no par) to be offered in units of one $250 debenture and 125 shares of common stock. **Price**—$500 per unit. **Proceeds**—For working capital and part payment of indebtedness to the bank. **Office**—4831 S. E. Division Street, Portland, Ore. **Underwriter**—Merritt, Vickers, Inc., New York, N. Y.

Wellington Management Co.
Nov. 30 filed 450,000 shares of class A common stock (non-voting), of which 58,000 shares are newly-issued stock to be acquired by the underwriters from the issuing company, and the remaining 392,000 shares are outstanding shares to be acquired from the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness from $1,650,000 to $600,000, with the balance to be used for working capital. **Office**—1630 Locust St., Philadelphia, Pa. **Underwriters**—Bache & Co. (handling the books) and Kidder, Peabody & Co., both of New York City. **Offering**—Expected in January.

Western Carolina Telephone Co.
Nov. 4 filed 71,513 shares of common stock (par $5), to be offered to stockholders on the basis of one new share for each five shares held. **Price**—$6.75 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the continuation of construction. **Office**—15 South Main St., Weaverville, N. C. **Underwriter**—None.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). Price — At par. Proceeds—For construction and equipment of company's plant and for working capital. Office—300 Montgomery St., San Francisco, Calif. Underwriter—None.

★ **Winter Park Telephone Co.**
Dec. 16 (letter of notification) an undetermined number of shares of common stock (par $10) not to exceed $300,000 to be offered to employees. **Price**—95% of market price. **Proceeds**—For working capital. **Office**—132 E. England Avenue, Winter Park, Fla. **Underwriter**—None.

Wyoming Nuclear Corp.
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

★ **Young Manufacturing Co.**
Dec. 16 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To increase inventories, expand manufacturing facilities and for working capital. **Office**—1601 W. Lincolnway, Cheyenne, Wyo. **Underwriter** — Atlas Securities Co., Cheyenne, Wyo.

Prospective Offerings

★ **Alabama Power Co.**
Dec. 9 it was announced that this company plans registration with the Securities and Exchange Commission of $19,500,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Brothers; The First Boston Corp.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly). **Information Meeting**—Scheduled for April 4, 1960. **Bids**—Expected to be received on April 7. **Registration**—Scheduled for March 4.

American Jet School, Inc., Lansing, Mich.
Aug. 31 it was announced that the corporation plans to issue and sell 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion of present Michigan and Ohio sales force to a national one, and introduction of new courses and resident study schools. **Business**—In correspondence school business. **Office**—1609 Kalamazoo St., Lansing, Mich. **Underwriter**—In New York, to be named. The company is presently negotiating with two New York underwriters.

Britton Electronics Corp.
It has been reported that this Queens Village, L. I., company is expected to offer an issue of common stock in January, pursuant to an SEC registration. **Proceeds**—For plant and equipment, including the expansion of a semi-conductor line for silicon products. **Underwriter**—First Philadelphia Corp., 40 Exchange Place, New York City.

Brooklyn Union Gas Co.
Dec. 7 it was reported that the company plans to issue about $20,000,000 of securities in the second quarter of 1960. The precise form of the offering is expected to be announced in the first quarter. The company's cur-

rent thinking is that it will take the form of straight preferred stock. About $120,000,000 is expected to be spent for construction in the 1959-1964 period, of which some $80,000,000 will be sought from outside financing, with the $40,000,000 remainder expected to be internally generated. **Proceeds**—The offering now "in the works" is expected to liquidate bank loans of about $13,000,000 the company will have outstanding as of the end of this year, in addition to about $2,250,000 of bank loans undertaken in order to call in the preferred stock of Brooklyn Borough Gas Co., acquired by consolidation last June. This company had about 100,000 meters in the Coney Island (N. Y.) area. **Office**—176 Remsen Street, Brooklyn 1, N. Y.

Coffee House, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — To build chain of coffee houses, establish commissaries and for general corporate purposes. **Office** — 1500 Clifton Ave., Lansing, Mich. **Underwriter**—In New York, to be named.

Consolidated Research & Mfg. Corp.
Dec. 16 it was reported that this firm, founded last August as a Delaware corporation, plans its first public financing in the form of a common stock offering scheduled for next spring. **Business**—The company produes spray containers to combat ice, snow, and fog. **Proceeds**—For expansion. **Office**—1184 Chapel St., New Haven, Conn. **President**—Marvin Botwick.

★ Dayton Power & Light Co.
Dec. 30 it was announced that the company plans the filing of about $25,000,000 of 30-year first mortgage bonds. **Proceeds**—Will be used to repay $18,000,000 of temporary bank loans and to defray part of the cost of the company's 1960 construction program. **Underwriter**—To be determined by competitive bidding. **Bids**—Expected to be opened in the latter part of February.

Duquesne Light Co. (2/24)
Dec. 2 it was announced by Philip A. Fleger, President and Board Chairman, that the utility's sole financing in 1960 is expected to consist of $20,000,000 of non-convertible debentures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co.; A. C. Allyn & Co., Inc. and Ladenburg, Thalmann & Co. (jointly); White, Weld & Co.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc.; Drexel & Co. and Equitable Securities Corp. (jointly).

Engelhard Industries, Inc.
Dec. 2 it was reported that this Newark, N. J., corporation might make an announcement in the next two weeks concerning a forthcoming issue of common stock.

First National Bank of Miami, Fla.
Sept. 14 it was announced stockholders have approved a proposed offering to stockholders of 150,000 additional shares of capital stock (par $10) on the basis of one new share for each four shares held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

★ Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

★ Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration with the SEC of $5,000,000 first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler, and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

★ Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration of 50,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

Hawaiian Telephone Co.
Aug. 3 it was reported company received approval from the Territorial Public Utilities Commission to issue about $4,500,000 of new bonds. Last bond issues were placed privately.

Independent Radio, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of radio stations. **Business** — Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—In New York, to be named.

★ Mississippi Power Co.
Dec. 9 it was announced that the company plans registration of $4,000,000 of first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). **Information Meeting**—March 14, 1960. **Bids**—Expected to be received on March 17. **Registration**—Scheduled for Feb. 11.

National Mail Order Co., Lansing, Mich.
Oct. 5 it was announced company plans to register an issue of 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—To be named later in New York State.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

South Carolina Electric & Gas Co.
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately.

★ Southern California Edison Co.
The Los Angeles-based utility expects to receive bids for $30,000,000 of first and refunding mortgage bonds on Jan. 26. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Dean Witter & Co. (jointly); and Blyth & Co., Inc.

★ Southern Electric Generating Co. (6/2)
Dec. 9 it was announced that this company plans registration with the SEC of $40,000,000 of 30-year first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., and Drexel & Co. (jointly); The First Boston Corp. **Information Meeting**—Scheduled for May 31, 1960. **Bids**—Expected to be received on June 2. **Registration**—Scheduled for April 29.

Tampa Electric Co.
Sept. 14 it was reported that the company is planning the sale of about $7,000,000 of additional common stock, probably in the form of a rights offering and a negotiated underwriting. Last rights offering was underwritten by Stone & Webster Securities Corp., New York.

Transcontinental Gas Pipe Line Corp.
Sept. 29 it was announced that the company plans to come to market twice in 1960 with the sale of first mortgage bonds, and common and preferred stock. **Proceeds**—To raise permanent funds for the financing of its 1960 expansion program. **Office**—Houston, Texas.

West Florida Natural Gas Co.
Nov. 25 it was reported that the company is contemplating the filing of an amendment to its original registration statement of Aug. 28 which will provide for the specific type of securities to be offered in exchange for the company's presently outstanding 6% 20-year income debenture bonds. It was originally contemplated that the proposed financing would consist of $837,200 of 7½% subordinated debentures and warrants to purchase 25,116 shares of class A common stock ($1 par). White, Weld & Co. and Pierce, Carrison, Wulbern, Inc. (jointly) will underwrite the offering. It is expected that the offering will take place early in January.

The Security I Like Best . . .

Continued from page 2

of 1949 when net income declined only to $1,713,000 from $1,903,000 in the preceding year.

Such an organization in itself would seem to hold little interest for the investor in these days of such marked emphasis on so-called "growth" stocks. But, this company has an aggressive research staff which has not been standing still—far from it—during the revolution in the office machine and packaging industries over recent years.

Several years ago, the company developed a print—punch—marking machine, collaborating with leading business machine concerns, which simplifies detail record keeping aimed toward better control of price-marking, inventories, etc. The machine has received wide-spread acceptance and has only one major competitor.

What could be of much greater importance, especially from a profit standpoint, is the recent development of a transfer machine, easily attached to any standard packaging, wrapping or bag-making machine, which reproduces designs by heat and pressure to film, foil or paper. An adaptation of this machine can be used on polethylene squeeze bottles and containers. **Both processes involved are approximately one-half the cost of other processes now in use. The markets obviously are tremendous.** As yet only the surface has been scratched.

This company's main plant and warehouse are at Framingham, Mass., with branch factories at Marlboro, Mass.; Maynard, Mass., and Chicago, Ill. It also has subsidiaries in Quebec, Canada as well as in England.

The company's capitalization consists of 29,420 shares of 8% debenture stock which has preference as to dividends and is redeemable at $160 a share.

Following this is 551,687 shares of class A common stock. The latter has an unusual feature in that it is convertible into Voting Common Stock, share for share, if the holder is, or becomes, an employee of the company or a subsidiary thereof and is entitled under regulations prescribed by directors to hold Voting Common. The amount of Voting Common Stock, which in every other respect is similar to the class A common, is 21,551 shares. Management also holds a substantial amount of class A which has not been converted. This arrangement obviously assures a continuation of present management.

Last year, aided by a tax credit approximating 50 cents a share, the company reported earnings equal to $3.29 a share on the combined class A and Voting Common Stock as compared with $3.26 a share in the preceding year and $4.50 in 1956. Results for 1959 without benefit of a tax credit, should approximate or slightly exceed 1958. Since 1947, earnings have ranged between $4.50 and $2.95 a share on the combined common stock.

Financial position was excellent at the close of last year. Cash and equivalent in excess of $4,000,000 was alone greater than current liabilities of $2,595,000 while total current assets were $17,969,000. Equity per common share amounted to $31.71 on a very conservative basis. For example, plant and equipment net was around $7,000,000. But the insurable value of such properties was around three times that. The difference, therefore, between insurable value and net book value is around $14,000,000, or roughly $25 a share.

The company paid total dividends of $1.90 a share in 1959; 40 cents quarterly and a 30-cent year-end extra, which amount was also paid in 1957 and 1956. The minimum dividend, going back to 1951, has been $1.20 a share but during the time several 5% stock dividends were declared.

The stock is listed on the American Stock Exchange and at present levels in the low '30s offers a return approximating 6%. In view of the moderate capitalization, purchases obviously should be made carefully.

It seems to me quite attractive for the relative stability of earning power, as demonstrated in the past, while at the same time holding an interest in two new and rapidly growing fields mentioned above, without paying any premium for such possibilities, which is in contrast to the ridiculous valuation of so many other so-called "growth" stocks.

Joseph P. Curren Opens

NEWCASTLE, Del. — Joseph P. Curren is engaging in a securities business from offices at 6 Lind Avenue.

Joins Josephthal

(Special to The Financial Chronicle)

BOSTON, Mass.—Stephen P. Endlar is now affiliated with Josephthal & Co., 19 Congress Street.

Eastman Dillon Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—Edwin S. Gozonsky is now connected with Eastman Dillon, Union Securities & Co., 22 Batterymarch Street.

Two With J. C. Flax

(Special to The Financial Chronicle)

SPRINGFIELD, Mass.—Dewey G. Brereton and Vincent J. Guiel are now connected with J. Clayton Flax & Co., 1562 Main Street.

Joins Keenan, Clarey

MINNEAPOLIS, Minn. — Edward J. Simokat has joined the staff of Keenan & Clarey, Inc., Pillsbury Building.

L. L. Bost Branch

WASHINGTON, D. C.—L. L. Bost Co. has opened a branch office at 1835 K Street, N. W. under the direction of Luther L. Bost.

Swain Co. Branch

READING, Pa. — Swain & Company, Incorporated has opened a branch office at 630 Washington Street under the management of Alfred S. Warner.

Forms Keon & Co.

LOS ANGELES, Calif.—Keon and Company has been formed with offices at 639 South Spring Street to engage in a securities business. Joseph J. Keon, Jr. is a principal of the firm.

With R. J. Steichen

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Alan J. Notvik has been added to the staff of R. J. Steichen & Company, Baker Building.

Joel Clark Branch

DALLAS, Texas.—Joel H. Clark & Associates, Inc. has opened a branch office in the Hartford Building, under the direction of Fred E. Allen.

With Dean Witter

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn. — Richard A. Larson has been added to the staff of Dean Witter Co., Rand Tower.

With Goldman, Sachs

(Special to The Financial Chronicle)

BOSTON, Mass.—William F. Magee, Jr. has been added to the staff of Goldman, Sachs & Co., 75 Federal Street.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Jan. 2	§94.9	*93.3	93.6	76.2
Equivalent to—					
Steel ingots and castings (net tons)	Jan. 2	§2,687,000	*2,641,000	2,650,000	2,058,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Dec. 18	7,138,775	7,123,375	6,934,575	7,097,335
Crude runs to stills—daily average (bbls.)	Dec. 18	¶8,071,000	7,975,000	8,017,000	7,822,000
Gasoline output (bbls.)	Dec. 18	29,331,000	28,254,000	28,816,000	28,356,000
Kerosene output (bbls.)	Dec. 18	2,667,000	2,362,000	2,213,000	2,455,000
Distillate fuel oil output (bbls.)	Dec. 18	13,018,000	13,643,000	12,561,000	13,872,000
Residual fuel oil output (bbls.)	Dec. 18	6,929,000	6,945,000	6,735,000	7,553,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Dec. 18	182,838,000	181,250,000	177,260,000	178,599,000
Kerosene (bbls.) at	Dec. 18	27,195,000	29,013,000	31,970,000	27,936,000
Distillate fuel oil (bbls.) at	Dec. 18	156,195,000	160,487,000	174,571,000	138,182,000
Residual fuel oil (bbls.) at	Dec. 18	52,476,000	53,882,000	56,292,000	60,668,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Dec. 19	615,365	641,972	629,362	571,147
Revenue freight received from connections (no. of cars)	Dec. 19	565,697	563,646	544,381	546,371
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Dec. 24	$408,100,000	$313,800,000	$389,800,000	$307,597,000
Private construction	Dec. 24	213,300,000	178,800,000	187,800,000	121,925,000
Public construction	Dec. 24	194,800,000	135,000,000	202,000,000	185,672,000
State and municipal	Dec. 24	138,200,000	84,300,000	160,800,000	163,757,000
Federal	Dec. 24	56,600,000	50,700,000	41,200,000	21,915,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Dec. 19	9,095,000	*9,175,000	9,425,000	9,442,000
Pennsylvania anthracite (tons)	Dec. 19	435,000	422,000	387,000	491,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Dec. 19	318	298	182	304
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Dec. 26	13,400,000	14,150,000	13,173,000	12,379,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Dec. 24	195	285	268	185
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Dec. 22	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Dec. 22	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Dec. 22	$47.17	*$41.17	$44.17	$39.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Dec. 23	33.925c	34.575c	33.675c	28.600c
Export refinery at	Dec. 23	31.475c	30.875c	28.850c	26.975c
Lead (New York) at	Dec. 23	12.000c	12.500c	13.000c	13.000c
Lead (St. Louis) at	Dec. 23	11.800c	12.300c	12.800c	12.800c
‡Zinc (delivered) at	Dec. 23	13.000c	13.000c	13.000c	12.000c
Zinc (East St. Louis) at	Dec. 23	12.500c	12.500c	12.500c	11.500c
Aluminum (primary pig. 99.5%) at	Dec. 23	25.900c	24.700c	24.700c	24.700c
Straits tin (New York) at	Dec. 23	99.000c	98.875c	100.625c	99.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Dec. 29	79.79	79.69	82.44	86.09
Average corporate	Dec. 29	83.53	83.66	84.30	90.20
Aaa	Dec. 29	87.32	87.59	88.13	94.56
Aa	Dec. 29	85.20	85.33	86.38	93.23
A	Dec. 29	83.53	83.40	84.04	89.78
Baa	Dec. 29	78.43	78.66	79.25	83.91
Railroad Group	Dec. 29	81.17	81.29	82.27	88.27
Public Utilities Group	Dec. 29	83.66	83.79	84.55	90.20
Industrials Group	Dec. 29	85.85	85.98	86.38	92.35
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Dec. 29	4.61	4.63	4.30	3.82
Average corporate	Dec. 29	4.90	4.89	4.84	4.40
Aaa	Dec. 29	4.61	4.59	4.55	4.10
Aa	Dec. 29	4.77	4.76	4.68	4.19
A	Dec. 29	4.90	4.91	4.86	4.43
Baa	Dec. 29	5.32	5.30	5.25	4.87
Railroad Group	Dec. 29	5.09	5.08	5.00	4.54
Public Utilities Group	Dec. 29	4.89	4.88	4.82	4.40
Industrials Group	Dec. 29	4.72	4.71	4.08	4.25
MOODY'S COMMODITY INDEX	Dec. 29	376.5	373.5	378.7	391.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Dec. 19	268,455	299,494	338,553	255,176
Production (tons)	Dec. 19	317,809	329,400	295,929	295,919
Percentage of activity	Dec. 19	94	96	86	91
Unfilled orders (tons) at end of period	Dec. 19	401,194	450,586	476,497	364,444
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Dec. 24	111.64	111.70	111.61	109.15
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Dec. 4	2,980,270	2,189,810	2,129,650	2,657,090
Short sales	Dec. 4	391,030	371,080	376,710	410,010
Other sales	Dec. 4	2,485,800	1,752,590	1,768,110	2,037,880
Total sales	Dec. 4	2,876,830	2,123,670	2,144,820	2,447,890
Other transactions initiated off the floor—					
Total purchases	Dec. 4	560,760	349,080	452,060	581,310
Short sales	Dec. 4	24,210	36,400	90,600	36,900
Other sales	Dec. 4	485,750	264,130	338,840	548,440
Total sales	Dec. 4	509,960	300,530	429,440	585,340
Other transactions initiated on the floor—					
Total purchases	Dec. 4	994,610	710,645	752,220	900,570
Short sales	Dec. 4	129,030	93,850	97,280	125,840
Other sales	Dec. 4	911,388	653,530	659,587	858,765
Total sales	Dec. 4	1,040,418	747,380	756,867	984,605
Total round-lot transactions for account of members—					
Total purchases	Dec. 4	4,535,640	3,249,535	3,333,930	4,138,970
Short sales	Dec. 4	544,280	501,330	564,590	572,750
Other sales	Dec. 4	3,882,938	2,670,250	2,766,537	3,445,085
Total sales	Dec. 4	4,427,208	3,171,580	3,331,127	4,017,835
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Dec. 4	1,997,723	1,519,852	1,581,506	1,588,793
Dollar value	Dec. 4	$103,254,885	$82,178,327	$81,961,393	$73,836,477
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Dec. 4	1,767,201	1,368,678	1,338,194	1,550,232
Customers' short sales	Dec. 4	8,346	12,207	11,573	8,853
Customers' other sales	Dec. 4	1,758,855	1,356,471	1,326,621	1,541,379
Dollar value	Dec. 4	$85,772,380	$69,545,531	$66,807,859	$71,225,175
Round-lot sales by dealers—					
Number of shares—Total sales	Dec. 4	464,870	347,160	337,300	468,220
Short sales	Dec. 4	------	------	------	------
Other sales	Dec. 4	464,870	347,160	337,300	468,220
Round-lot purchases by dealers— Number of shares	Dec. 4	707,850	511,630	561,280	542,120
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Dec. 4	672,170	640,450	676,940	735,130
Other sales	Dec. 4	18,043,840	13,761,300	13,717,460	17,848,630
Total sales	Dec. 4	18,716,010	14,401,750	14,394,400	18,583,760
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Dec. 22	a	118.9	119.0	119.3
Farm products	Dec. 22	a	85.6	85.4	91.3
Processed foods	Dec. 22	a	105.0	105.1	108.7
Meats	Dec. 22	a	88.0	89.8	102.4
All commodities other than farm and foods	Dec. 22	a	128.5	128.7	127.2

*Revised figure. §Includes 969,000 barrels of foreign crude runs. ¶Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound. a Not available.

	Latest Month	Previous Month	Year Ago
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—			
As of Nov. 30 (000's omitted)	$784,000	$755,000	$560,000
CONSUMER PRICE INDEX—1947-1949=100—			
Month of October:			
All items	125.5	125.2	123.7
Food	118.4	118.7	119.7
Food at home	115.8	116.2	118.0
Cereal and bakery products	134.1	134.1	133.9
Meats, poultry and fish	109.0	110.4	114.6
Dairy products	116.1	115.5	114.5
Fruits and vegetables	124.5	124.1	121.0
Other food at home	107.0	107.6	113.2
Food away from home (Jan. 1953=100)	116.9	116.8	113.3
Housing	130.1	129.7	127.9
Rent	140.4	140.0	138.3
Gas and electricity	121.7	121.6	118.1
Solid fuels and fuel oil	135.5	135.0	135.6
Housefurnishings	104.1	104.0	103.4
Household operation	135.3	135.2	132.4
Apparel	109.4	109.0	107.3
Men's and boys'	108.9	109.2	107.9
Women's and girls'	101.3	100.5	100.2
Footwear	138.5	137.9	130.1
Other apparel	92.9	92.9	91.8
Transportation	148.5	146.4	142.7
Private	137.4	135.3	131.8
Public	195.9	194.9	190.4
Medical care	152.5	152.2	146.7
Personal care	132.5	132.1	128.8
Reading and recreation	119.7	119.6	116.6
Other goods and services	131.6	131.5	127.2
COTTON GINNING (DEPT. OF COMMERCE):			
To Dec. 13 (running bales)	14,076,398	------	10,918,827
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—			
Crop as of December 16 (in thousands):			
Corn, all (bushels)	4,361,170	4,402,476	3,800,863
Wheat, all (bushels)	1,128,151	1,117,430	1,461,714
Winter (bushels)	923,449	909,333	1,179,269
All spring (bushels)	204,702	208,097	282,445
Durum (bushels)	20,682	20,546	21,381
Other spring (bushels)	184,020	187,551	261,064
Oats (bushels)	1,073,982	1,075,378	1,415,570
Soybeans for beans (bushels)	537,895	------	579,713
Barley (bushels)	420,191	408,442	475,196
Rye (bushels)	21,495	20,996	32,186
Buckwheat (bushels)	1,368	------	1,783
Flaxseed (bushels)	22,709	21,790	38,568
Rice (bags)	53,122	53,111	44,381
Popcorn (pounds)	283,015	------	513,076
Sorghum grain (bushels)	579,178	588,539	610,376
Sorghum forage (tons)	4,561	------	4,893
Sorghum silage (tons)	10,545	------	12,162
Cotton, lint (bales)	14,701	14,801	11,512
Cottonseed (tons)	6,100	------	4,798
Hay, all (tons)	112,764	113,884	121,819
Hay, wild (tons)	8,911	8,936	10,511
Alfalfa seed (pounds)	130,075	------	152,130
Red clover seed (pounds)	80,147	------	71,605
Alsike clover seed (pounds)	5,957	------	8,940
Sweetclover seed (pounds)	26,123	------	26,631
Lespedeza seed (pounds)	127,770	------	147,815
Timothy seed (pounds)	43,593	------	24,910
Beans, dry (bags)	18,212	18,489	19,175
Peas, dry (bags)	4,375	4,191	2,491
Cowpeas for peas (bushels)	1,729	------	1,561
Peanuts picked and threshed (pounds)	1,602,115	1,655,800	1,835,800
Velvetbeans (tons)	71	------	76
Potatoes (hundredweight)—			
Winter	4,005	3,874	4,971
Early spring	3,144	3,311	4,703
Late spring	23,558	22,553	24,152
Early summer	14,215	13,806	14,659
Late summer	32,916	32,774	34,308
Fall	165,160	165,854	182,936
Total	242,998	242,172	265,729
Sweetpotatoes (hundredweight)	18,703	------	17,383
Tobacco (pounds)	1,799,965	1,800,257	1,736,248
Sorgum sirup (gallons)	2,448	------	2,954
Sugarcane for sugar and seed (tons)	7,720	8,182	6,681
Sugarcane sirup (gallons)	3,635	------	3,670
Sugar beets (tons)	17,036	16,685	15,182
Maple sirup (gallons)	1,191	------	1,516
Broom corn (tons)	30	32	32
Hops (pounds)	53,600	53,403	48,407
Apples, commercial crop (bushels)	118,227	117,727	126,610
Peaches (bushels)	73,806	72,806	71,069
Pears (bushels)	31,090	30,823	28,890
Grapes (tons)	3,228	3,231	3,026
Cherries (tons)	215	219	192
Apricots (tons)	230	230	108
Plums (tons)	105	------	69
Prunes, dried (tons)	146	------	97
Prunes, other than dried (tons)	67	------	49
Avacados (tons)	73	------	52
Olives (California) (tons)	26	------	68
Oranges (boxes)	132,895	------	129,330
Grapefruit (boxes)	43,100	------	43,790
Lemons (boxes)	18,900	------	17,340
Tangerines (boxes)	4,000	------	4,500
Cranberries (barrels)	1,252	1,249	1,166
Pecans (pounds)	127,500	123,350	174,750
Almonds (California) (tons)	82	------	20
Walnuts (tons)	61	------	89
Tung nuts (tons)	134	------	147
Commercial vegetables (tons)—			
Fresh market, 28 crops	10,327	------	10,671
For processing, 11 crops	6,928	------	7,502
DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average=100—Month of November:			
Sales (average monthly), unadjusted	159	149	151
Sales (average daily), unadjusted	169	141	160
Sales (average daily), seasonally adjusted	132	133	125
NEW YORK STOCK EXCHANGE—			
As of November 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,438,000	$3,378,000	$3,369,000
Credit extended to customers	165,000	168,000	124,000
Cash on hand and in banks in U. S.	372,000	360,000	346,000
Total of customers free credit balances	974,000	966,000	1,148,000
Market value of listed shares	299,112,339	295,165,327	261,826,027
Market value of listed bonds	106,499,132	106,898,984	109,238,039
Member borrowings on U. S. Govt. issues	528,000	523,000	383,000
Member borrowings on other collateral	2,397,000	2,289,000	2,034,000
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Oct. (000's omitted):			
Savings and loan associations	$1,152,274	$1,183,618	$1,086,452
Insurance companies	146,095	136,091	150,420
Banks and trust companies	462,817	480,619	558,260
Mutual savings banks	167,610	172,520	175,104
Individuals	348,787	340,291	323,500
Miscellaneous lending institutions	521,870	520,831	562,783
Total	$2,799,453	$2,833,970	$2,856,519

SECURITY SALES[illegible]'S CORNER

BY JOHN DUTTON

"The Last Angry Security Salesman" Makes His Own New Year Resolutions

"The happy '60s, the brave new '60s, the age of science and better living is coming up. Goodbye forever to those missile-happy, inflation '50s. With regards to Mr. Dow and Mr. Hamilton and their Industrial average at a mere 670 plus, and to all the soothsayers, prophets, pundits, and investment advisory services, the 'Last Angry Security Salesman' leaves all the predictions to you. He only places on the record certain resolutions of his own."

And for all you stock-happy salesmen I haven't got a single tip for you. If you have not had at least one or two fast ones of your own during the past 10 years, and become a little millionaire, then you sure have been a clock watcher. All I can say is, "Take care of the customers boys and the '60s belong to you." As for me, here is my set of resolutions. If the good Lord gives me another 10 in this business (and I keep these resolutions) I might even make it.

Number 1

I resolve not to offer any new stock issues to my long suffering customers when the offering price exceeds 150 times the average earnings for the past three months. (Even if it is an electronic stock.)

Number 2

I resolve not to offer any new stock issues if the underwriters and promoters hold options on more than 75% of the total capitalization. That's enough for them!

Number 3

I resolve to treat with suspicion any new issue where the former owners sell out more than 90% of the company while retaining management and consultation privileges until the year 2080. And no B stock!

Number 4

No tax exempts will I offer where the underwriters have sold half the issue or less to some institution at a markup of ½ point and are reoffering the balance to the public at a markup of over 10 points. Ten points is enough for any underwriter—that should make them AAA should it not?

Number 5

I obstinately refuse to offer any new issue where management fees are over 90%, and expenses likewise. This makes 180% and it is enough to take care of sour issues, press agents, institutional advertising expenses and bonuses for salaried employees during 1960. Besides the partners work hard too.

Number 6

I resolve to tell the fellow who offers me a sure thing in a $2 stock, a hunch play at the track, a pair of loaded dice or a set of marked cards to sit down with me and tell me all about it. I could learn how to get rich, but then what would happen? Imagine Dutton sitting around a board room with all the other old codgers that have now made stock speculation a socially acceptable method of mental and physical therapy? And they may have crap games on Mars (with special Martian loaded dice).

Number 7

And last of all I resolve to mind my own business and not to mention to any of the optimistic youngsters who have entered this business during the roaring inflated '50s that things were different when I started selling securities. WE HAD SOME FANCY DOIN'S IN 1928 AND 1929 TOO!

OUR REPORTER'S REPORT

Confusion was the keynote of the closing sessions of the year in the corporate bond market, including new issues, as a consequence of the further settling of U. S. Treasury issues, particularly in the longer end of the list.

The investment world finds itself in a dither as the Federal Government is obliged to seek its money in the short-term market because of the refusal of Congress to lift the ceiling on interest rates at its last session.

And there is no reason to look for any change in the overall market picture unless members of Congress found reason to shift their points of view during the recess.

Secretary of the Treasury Robert B. Anderson has duly informed the legislature that it will get the "hot potato" right back when it returns to Washington next week. Terming the situation worse than it was last Fall when President Eisenhower pleaded for lifting of restraints, he said the administration will renew its drive for a change.

The distorted situation in the money market with short-term paper of virtually all descriptions tied to the tail of the Treasury's kite, certainly would seem to give the administration's arguments strong backing.

Whether on short- or long-term, the government is paying the going price for its money and it might be wiser if Congress cleared the way for refinancing and new financing on a longer term basis. Perhaps something more nearly normal in relationship of interest rates could be brought about.

Investors Biding Time

What happened to Consolidated Edison Co. of New York's new bonds when the sponsoring syndicate turned them free in the market illustrates quite clearly the current attitude of prospective buyers.

Brought out recently at 101.519 to yield 5.15%, this highly rated issue was slow to move to investors. Perhaps the timing had something to do with it. When the syndicate dissolved, the price dropped to just above 99 and, at that level, buyers opened the cash drawers and came in sufficiently to rally the issue almost a point.

Those with funds presumably are biding their time and looking toward the early part of next year where the calendar of issues is beginning to build up a bit.

Two Big Ones Ahead

With two of the major finance companies slated to enter the market for large amounts, one of them next week, the rank and file of potential buyers show a disposition to wait and see what kind of terms are offered.

C. I. T. Financial Corp. has $75 million of 20-year debentures on tap next week. This is a maturity that should prove popular at the moment.

Later in January, if plans carry, Commercial Credit Corp. will be in with a similar type offering, 20-year notes, to raise $50 million.

Real Sweetener

Were it not for C. I. T. Financial Corp.'s projected offering, the first week of the "Soaring Sixties" certainly would be getting away to an inauspicious start in the corporate new issue market.

One of the other two issues is General Public Utilities Corp.'s 1,115,000 share offering to its common shareholders which, incidentally, is being done without underwriting.

The second, due on Thursday, is Washington Water Power Co.'s $10 million of bonds, plus $5 million of debentures.

Gordon Turgel

Gordon Turgel, associated with White, Weld & Co., New York City, passed away Dec. 23.

Form Blumenson-Sussman

Blumenson - Sussman Corp. has been formed with offices at 215 East 149th Street, New York City, to engage in a securities business.

NSTA NOTES

NATIONAL SECURITY TRADERS ASSOCIATION

The National Security Traders Association National Committee will hold its annual winter meeting at the Ambassador West, Chicago, Jan. 25, 1960.

BALTIMORE SECURITY TRADERS ASSOCIATION

The Baltimore Security Traders Association has elected the following new officers for 1960:

Harry J. Niemeyer

John C. Yeager

President: Harry J. Niemeyer, Robert Garrett & Sons.

Vice-President: John C. Yeager, Baker, Watts & Co.

Treasurer: David Kratzer, Stein Bros. & Boyce.

Secretary: Joseph V. Gugliuzzo, Merrill Lynch, Pierce, Fenner & Smith Inc.

Governors (three-year terms): Leonard J. Butt, Mead, Miller & Co., and Robert P. Chambers, John C. Legg & Co.

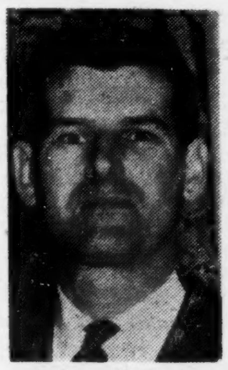
The Baltimore Association will be holding their annual mid-winter dinner Jan. 15 at the Southern Hotel.

BOSTON SECURITY TRADERS ASSOCIATION

The Boston Security Traders Association has elected the following officers for 1960:

John A. McCue

Edward J. Opper



J. Russell Potter

President: John A. McCue, May & Gannon, Inc.

Vice-President: Edward J. Opper, J. B. Maguire & Co., Inc.

Treasurer: J. Russell Potter, Arthur W. Wood Co.

Recording Secretary: Alfred Zuccaro, First Boston Corporation.

Corresponding Secretary: Warren A. Lewis, Weeden & Co.

Governors (for two-year terms): Frederick S. Moore, New York Hanseatic Corporation, and Richard J. Corbin, Blyth & Co., Inc.

Governors (one-year term): Wilfred G. Conary; G. H. Walker & Co. and Joseph A. Buonomo, F. L. Putnam & Co., Inc.

The Boston Association will hold its annual winter dinner Feb. 12. Edward J. Opper is Chairman of the dinner committee.

SECURITY TRADERS ASSOCIATION OF DETROIT AND MICHIGAN

The Security Traders Association of Detroit and Michigan has announced that they will hold their summer outing in June at the Western Golf and Country Club, in connection with the celebration of their 25th anniversary.

KANSAS CITY SECURITY TRADERS ASSOCIATION

The Kansas City Security Traders Association will hold their annual winter dinner Jan. 20 at the University Club. Lewis L. Shellbach, Vice-President of Standard & Poor's Corporation, will be guest speaker.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — All over the Nation as the Old Year ended, the American housewives were never feeding their families so well. Never before have they had such wide choices of delicious and nourishing foodstuffs to choose from at their favorite markets.

Across the country the farms and the warehouses never had any greater abundance of turkeys and chickens, butter, cheese, rice, peas, beans, wheat, corn. The cattle farms never had finer steers ready for the market for the winter months ahead.

Out in the Corn Belt the cribs were either filled or overflowing. The same situation was prevailing in the wheat States. The corn farmers, with acreage controls off, produced the greatest crop in history. The question was: What are we going to do with all of this grain? Secretary of Agriculture Ezra Taft Benson had gone up and down the country advocating that bureaucratic controls be lifted from the corn and wheat farmers.

Lifting of Acreage Controls Unlikely

All through the Farm Belt—not only on the farms but also in the small town stores and banks and farm equipment places—the people are discussing the mounting surpluses of farm commodities. Meantime, a recent research project by a group of Iowa State University professors may have tossed cold water on lifting controls of acreage on corn and wheat in the future.

The study purported to show that if Congress completely took the government out of the corn and wheat business the corn acreage would increase nearly 10,000,000 acres by 1962, and the price would tumble to about half of what a bushel of corn now sells for, and wheat acreage would increase to 65,000,000 from 54,450,000 acres, and the price would drop to about 75 cents a bushel from $1.75 a bushel.

It is the mounting surpluses of cotton, corn and wheat and some of the other things that have the Republicans worried in the big 1960 elections. The farm problem will be a substantial issue in the forthcoming Presidential campaign.

Benson Under Fire

Of course, the Republicans are no more to blame than the Democrats or the Independents about the farm problem. But Secretary of Agriculture Ezra Taft Benson is a Republican and the Democrats are looking for a whipping boy. They have got one in the Cabinet officer from Utah.

There is an anti-Benson campaign underway. Several of the Democratic Presidential candidates are already lashing away at Mr. Benson. These include Senator Stuart Symington of Missouri, and Senator Hubert Humphrey of Minnesota. The Chairman of the Senate Agriculture Committee, Senator Allen J. Ellender, is attacking the Secretary at every opportunity.

The Democrats are expected, of course, to attack the Benson policies, but what hurts most of all is the fact that some top drawer Republicans have taken out after the Secretary who want Uncle Sam to get out and stay out of farming. It is estimated that about a year from now the government will have more than $9,000,000,000 tied up in surplus commodities.

Despite the growing attacks on Secretary Benson the Cabinet officer appears unlikely to resign. As a matter of fact President Eisenhower concurs in the Benson philosophy. He likes Mr. Benson very much personally, and believes that the Secretary has served well and honorably since his appointment.

GOP Pros Lead Attack

Senator Thruston Morton of Kentucky, Chairman of the Republican National Committee, a few weeks ago said several members of the Republican National Committee told him that in the best interest of the Republican party Mr. Benson should resign and turn the job over to a new Secretary. Mr. Morton said there was a Benson revolt from the Mississippi River to the Rocky Mountains.

Chairman Morton passed the report along in a huddle with President Eisenhower. If Mr. Benson steps down it will be by his own volition, and not by demand from the White House.

The farm problems are tough problems. No one knows the answer to most of them, but Secretary Benson has strong convictions that the American taxpayers can not and will not keep on and on buying all of the surpluses.

Some of the sharpest critics of Secretary Benson have blamed the Cabinet officer with causing food prices to rise while prices received by the farmers have declined. Of course, that is absurd. Marketing, packaging and shipping have been primarily responsible for the increase in retail food prices. There are other factors involved, and all these services cost money, and all add to the price that must be paid by the consumer.

Forecast Lower Farm Income

The Agricultural Marketing Service of the Department of Agriculture says farm prices and incomes in 1960 are likely to show much the same trends as in 1959. Farm income is likely to decline. Prices for farm products are likely to slip further, but sharp declines such as these for hogs and eggs in 1959, are not expected.

Hog marketings, which rose sharply in 1959, are likely to continue above a year ago in the first half of 1960, but they are likely to decline in the second half. The 1960 pig crop in the Corn Belt appears likely to drop off a little. There will be plenty of eggs, but egg production may be off just a little because farmers have reduced their laying flocks.

Perhaps one reason the farm income may be slightly lower in 1960 is because the minimum price support level on the 1960 wheat crop is slightly below the 1959 crop, and there will be lower support prices on corn and cotton.

On the other hand, prices paid by farmers for fertilizers, machinery, taxes, wages and interest rates will be up. Farm real estate taxes have been rising comparable to city taxes on real estate. At the same time the price of farm real estate and forestry lands has been rising in most states.

Record Output Probable

A record wheat carryover will be chalked up next July 1. The total United States wheat supply for the marketing year beginning July 1, 1959, estimated at 2,404,000,000 bushels is an all-time record. If about the same acreage of rice is planted in 1960 as in 1959 and if yields are as great as in the past three years, a crop of about 52,000,000 hundredweight would be produced.

Continued large supplies of fresh and processed fruits are in prospect for the first half of the New Year. A large amount of fruits will be exported. Continued prosperity in Europe will mean that a substantial amount of canned and dried fruits will be shipped to Europe.

The dairy outlook is brighter in 1960. The outlook is for improved prices. The downturn in milk production in 1958 and 1959 was primarily the result of increases in beef cattle prices compared with milk prices. Total egg and poultry meat output in 1960 will be little if any above 1959 output. Indications are egg production will be smaller.

The 1959 turkey crop was estimated at 82,000,000 birds. Another huge turkey crop the coming year appears in the making. Farmers are keeping their breeder hens. Livestock production and slaughter in 1960 will show a gain over 1959. Some increase in cattle slaughter seems assured over the 1959 low rate. Hog slaughter probably will be larger the coming year than in 1959 when 87,000,000 swine were butchered, 12% more than 1958. Production of lamb and mutton will continue to rise.

During the past three years supplies of processed vegetables have been generally heavy and carryover stocks have been large at the end of each season. Processed vegetables are in heavy supply again this season, and supplies of frozen vegetables are near record levels, continuing the growth of recent years.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

"Sousley would really go places if he'd spend as much time over-the-counter as he does under-the-table!"

Businessman's BOOKSHELF

Animal and Vegetable Fats and Oils 1958 — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., (paper), 30¢.

Decade of Incentive—A Study of Economic and Market Outlook Through 1969—McCann Erickson, Inc., 485 Lexington Avenue, New York 17, N. Y., (paper).

Emergency Preparedness Program of the Prototype National Bank and Trust Company — Pennsylvania Bankers Association, Special Committee on Emergency Preparedness, Harrisburg, Pa. (paper), 50 cents.

Economic Conditions in Member and Associated Countries of the O. E. E. C.: United States — O. E. E. C. Publications Office, 1346 Connecticut Avenue, N. W., Washington 6, D. C., (paper), 50¢.

Economics of Transportation — Marvin L. Fair and Ernest W. Williams, Jr.—Revised Edition—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y., (cloth), $8.

Employment, Growth and Price Levels—Staff report prepared for consideration by the Joint Economic Committee of the Congress of the United States — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., (paper), $1.50.

Merger Movements in American Industry 1895-1956 — Ralph L. Nelson — Princeton University Press, Princeton, N. J., (cloth), $5.

More Long Range Planning—Special Report — National Planning Association, 1606 New Hampshire Avenue, N. W., Washington 9 D. C., (paper), 25¢.

Occupational Outlook Handbook, 1959 Edition—U. S. Department of Labor, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y., $4.25.

Problems and Practices of Development Banks—Shirley Boskey—The Johns Hopkins Press, Baltimore, Md.

Spectrum of Conflict (1960-1970) —Special issue of quarter Stanford Research Institute Journal devoted to an examination of possible types of U. S.-Russian conflict during the 60's — Stanford Research Institute, Menlo Park, Calif., Dept. C-109, $1.00.

Now With Ladet

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Roger W. Collins is now affiliated with Ladet & Company, Inc., Central Bank Bldg.

Joins Purvis Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—William Snyder has joined the staff of Purvis & Company, Equitable Building.

With Hornblower, Weeks

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Robert J. Harvey has become associated with Hornblower & Weeks, 134 South La Salle Street. In the past he was with Hemphill, Noyes & Co. in charge of the municipal department of the Chicago office.

Two With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Merrill J. Baumann and Edward H. Raymond are now with Merrill Lynch, Pierce, Fenner & Smith Incorporated, 18 Milk Street.